A ROMANCE OF INSURANCE

Louis E. Bean
1929

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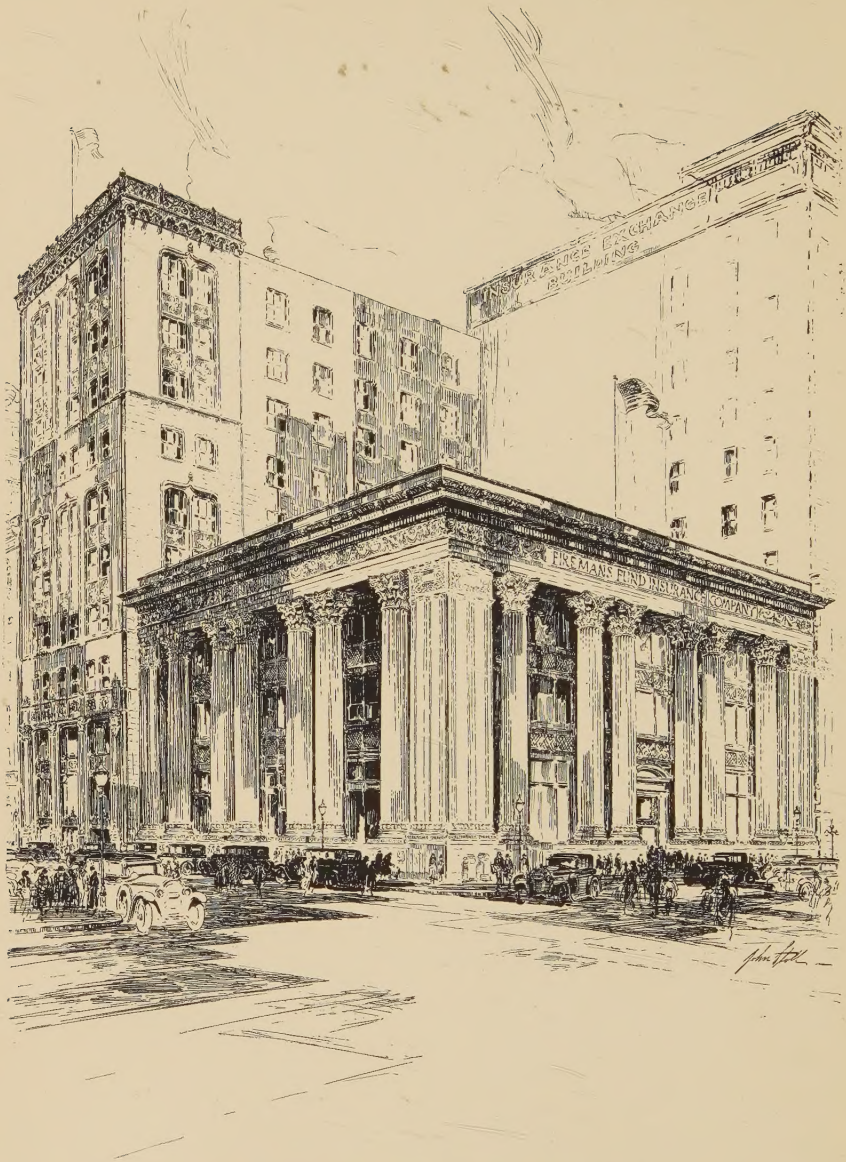

HEAD OFFICE OF THE FIREMAN'S FUND

A ROMANCE OF INSURANCE

Being a History
of the
Fireman's Fund
Insurance Company
of
San Francisco

By
FRANK MORTON TODD

Printed for the
FIREMAN'S FUND INSURANCE COMPANY
AT THE PRESS OF THE H. S. CROCKER COMPANY
SAN FRANCISCO

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PRINTED IN THE UNITED STATES OF AMERICA

Dedicated to those Pioneers
of California who laid the foundation upon which the
Fireman's Fund Insurance Company was built.

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FOREWORD

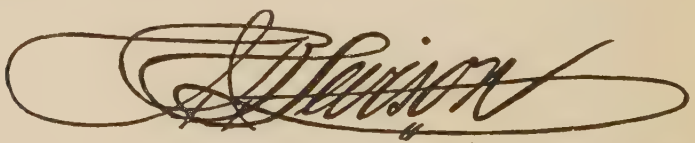
HISTORY is recorded experience. When it preserves the significant, it becomes a guide. When it presents the romantic, it may inspire. Even the experience of a corporation may be romantic, and form part of a national development as vital as military or political victories. For the life of a nation is the life of its people, and its best story is the story of their labor and achievements.

The Fireman's Fund Insurance Company has undergone vicissitudes so critical, and survived through principles so persistent and reliable, that it owes posterity a record of its career. Unfortunately, it has been impossible to make the record complete, on account of one chapter of that experience: the San Francisco conflagration of 1906, which destroyed so much historical and literary material in a city once rich in souvenirs of its own romantic past. This has meant dependence on memory and oral testimony. And it was determined to gather such testimony and reduce it to durable form while the men capable of contributing it still lived. This book could not wait for a diamond jubilee anniversary of the company's birth, nor

for any other occasion, but had to be compiled while it was possible to gather its materials.

The company sprang from the restless activities of the pioneers of California: men who were not mere wanderers, but who forced their way to the Pacific seaboard with definite purposes and with dreams they had determined to make actual. Such men cannot be submerged by circumstance, nor tripped by fate for long. They built a state with far horizons—and their descendants still are building. They built schools and universities, highways and railways, cities and social order, industries—and insurance companies to make order, industry, and life itself secure. Woven through the record of the Fireman's Fund will be found the tradition of the pioneers, and the color of the life they led. The history of the company is one of the romances of men building and equipping an empire.

The preparation of the manuscript was committed to a descendant of pioneers and a native of the state they helped establish. When he speaks with intimacy of those men and times, it is the intimacy of affection touched with reverence. He feels that such men were of the flower of the nation's youth, and that there is probably no better guide for that nation's manhood than the record they have made.



President

A ROMANCE OF INSURANCE

CHAPTER I

INTRODUCTORY

THE Fireman's Fund Insurance Company has had a romantic history in a romantic city. It was born in the flush of the city's youth, and when the nation was in the midst of civil war. Through unusual events it regained life and usefulness after one of the greatest of modern catastrophes appeared to have destroyed it.

In its inception the company embodied more than a few thousands of capital and an uncertain measure of business skill. It incorporated the courage and vitality of California pioneers, that concourse of men self-selected from every state of the Union and all quarters of the globe who were resolved to front the bright face of danger in quest of fortune, freedom, and personal power—all worthy objectives but without strong attraction for the indolent and feeble.

The company was created by pioneers and carried on by the children of pioneers. By heredity and instinct they built into it the will to survive and develop. The

kind of men they were is the kind of institution it is: selected by the struggle for existence and keeping true to character.

The Fireman's Fund sustained the heaviest loss of any company involved in the San Francisco conflagration, and the heaviest any company ever sustained at one time in the history of insurance. It is a factor in national business and world commerce; but its history is most intimately connected with that of the city in which it was organized, and where it struggled to maturity, practically perished of that city's disaster, and was revived and placed once more in a dominating position. It is doubtful if any other corporation in America has passed through such experiences; and this book is the story of its extraordinary career.

CHAPTER II

AN INVITING FIELD

EARLY San Francisco stood in great need of fire insurance. The ever-present conflagration hazard forced people to think of indemnity. Conflagrations were apt to be ascribed to the criminal element, present in force in the raw frontier community. If we accept the information and belief of many of the pioneers, arson must have been almost an industry.

The town used to burn without insurance. Like many infants, the infant city had to learn about fire by the feel. Whether the criminals often burned it or not, it would have burned anyway because of the building material. The non-flammable kind came high—bricks around Cape Horn, cut stone from China. Lumber sometimes went to $325 a thousand; so partitions, ceilings, and "inside finish" in general were in the first few years usually made of cloth on light wooden frame, and thus the budding metropolis consisted largely of kindling.

Fire destroyed about 50 buildings on December 24, 1849, with a loss of $1,000,000, and no insurance. The conflagration of May 4, 1850, swept over three blocks and burned more than 300 buildings, with losses

estimated at $3,000,000—again without insurance. Looting was lively and seemed to indicate a motive. Less than six weeks later the expected again occurred, with losses of several millions; and no insurance. On September 17 there was a half-million-dollar conflagration.

The next fire was afterward said to have been predicted as a criminal enterprise. Rumor had it that the anniversary of the fire of May 4, 1850, was to have been celebrated by another. The date of the fire seemed to confirm that theory, for it broke out an hour before midnight on May 3, 1851. Starting on the south side of Clay street opposite Portsmouth Square, it burned all night, lit up the sky, some said as far as Monterey, destroyed from 1,500 to 2,000 structures occupying 18 blocks in the heart of the city, and caused a loss of between ten and twelve millions.

In this fire burned, at least as to the upper works, the good ships *Niantic*, *Apollo* and *General Harrison*. Plank pavements helped spread the blaze, and wharves were torn down to check it. It is said that a million dollars of specie in the Custom House was saved by being thrown down a well.

Then the rumor spread that there was to be another celebration on June 14, and it probably had a good deal to do with the organization of the first Vigilance Committee, for on June 11 the committee hanged Jenkins, who had been caught making off in a boat with a safe that was not his. But it did not prevent the sixth conflagration, which broke out in the same area on June 22, 1851, burning four or five hundred buildings for a loss of nearly $3,000,000. As usual, no insurance. This

THE PIONEER CITY

SAN FRANCISCO IN JUNE, 1849. FROM A DRAWING BY HENRY FIELD. THE ARROW POINTS TO THE SITE OF THE HEAD OFFICE OF THE FIREMAN'S FUND INSURANCE COMPANY, SANSOME AND CALIFORNIA STREETS

conflagration was stopped by nailing blankets on buildings and saturating them with water. At one store there was no available water, so they soaked the blankets with thousands of gallons of vinegar.

Inasmuch as the city always rebuilt, it is not surprising that the Phoenix became the principal feature of the city seal.

Here were losses of well over $20,000,000, within less than two years. In the sixth fire three people were burned to death, two shot by the police for looting, and two beaten to death by mobs on suspicion of incendiarism and theft.

CHAPTER III

VOLUNTEERS

IF in the early San Francisco one pretended to be anybody or aspired to become somebody, in a public or a professional character, one of his easiest and quickest ways lay through one of the volunteer fire-engine companies or hook-and-ladder companies. Hose companies were part of it.

At the fire-engine houses, members discussed public affairs and met leading spirits of the young city. At Empire No. 1, David C. Broderick, Democratic exponent of Free Soil principles, held forth as foreman, ruling his company and working it politically on New York and Tammany lines.

Crescent No. 10 was the company of James P. Casey, born to be hanged by the Vigilance Committee of '56, and to be buried in the cemetery of Mission Dolores. And the head of that committee, William T. Coleman, was a member of Sansome Hook and Ladder No. 3, a company that held the unique honor of guarding the Fire Department's powder magazine.

San Francisco's volunteer fire-engine companies sprang into existence in response to necessity. The first conflagration had to get along without any, but the ashes were not cold before some experienced Atlantic

Coast firemen began to agitate the idea of organization.

There appear to have been three fire engines in the town, though early accounts are now somewhat confused. One belonged to W. D. M. Howard, pioneer merchant; builder, with his partner Mellus, of one of the city's first substantial structures. Howard "imported" around Cape Horn a number of knocked-down cottages, which he and Folsom set up south of Market street, and although he bought the fire engine first, we may suppose he had the protection of such investments in mind. Another was named the *Oahu* and had been imported from Honolulu by an English company. It was a veteran before it arrived and did not last long. Another was a sort of toy that had belonged to Martin Van Buren. It was built to irrigate his estate near New York, but William Free, afterward of Crescent Engine No. 10, acquired it and brought it to California, where he thought it might be useful for pumping water in the mines.

On Christmas day after the first conflagration, that of December 24, 1849, a mass meeting was held that discussed the organization of companies to take over and operate the fire engines. At this meeting there were present Frederick D. Kohler, David C. Broderick, George H. Hossefross, George W. Green, J. H. Cutter, W. D. M. Howard, M. Bulger, Samuel Brannan, C. E. Buckingham, William McKibben, Benjamin Ray, Charles W. Cornell and John A. McGlynn. Most of these were firemen of the Atlantic seaboard.

Kohler and Broderick were associated in a peculiar line of business. They were manufacturing some of the early private coinage of California, making five- and

ten-dollar gold pieces out of four and eight dollars' worth of gold, respectively, and finding it quite worth their while, 25 per cent profit being a very good return from such labors. The city used these coins at face value, as more convenient than "dust" and loose nuggets, although as a medium of exchange they were 20 per cent short. But in the care-free spirit of the times everybody was willing to take a chance.

George H. Hossefross was an experienced Baltimore fireman. He was accustomed to Baltimore methods and his following consisted mainly of Baltimore men. There were several New York firemen, and some from Boston and Philadelphia. Volunteer fire engine companies were then the rule throughout the country.

The San Francisco town council investigated the first conflagration and urged private citizens to organize volunteer companies (which they were already doing), promising to supply hooks and ladders and ropes and axes. And one Edward Otis set about the formation of the Independent Unpaid Axe Company. There is also a tradition of a "Howard Fire Association," and a "Brannan Fire Association."

About two months later the city fathers took action looking toward general organization of a fire department; Frederick D. Kohler having been elected chief engineer.

Organization proceeded rapidly and the city fathers ordered in wells and cisterns, for in the conflagration just preceding there had been a scarcity of water. But ordering wells and cisterns does not create wells and cisterns, and before much had been accomplished another conflagration was upon them.

That stimulated organization of more companies. The city fathers appropriated money for apparatus and reservoirs, although many of the companies were sufficiently strong to finance their own building and furnishing, and some did, at least in part; receiving help from merchants and property owners.

Hossefross disliked the conduct of the department and started one of his own. It consisted of three companies; was known as the Baltimore Fire Department; and would not recognize the authority of the chief engineer. But compromises were made and the companies were soon taken into the fold as Nos. 6, 7 and 8. The 8th was dropped and the 6th and 7th combined as Monumental 6, or Big Six. And a proud aggregation it must have been, for in a competition at Sacramento its engine threw a 1⅛-inch stream 229 feet 8 inches, the record for a hand-pump.

Empire Engine Company No. 1, which became Broderick No. 1, had its engine house in Sacramento street, south side, four doors west of Kearny. Its first foreman was a man of substantial character and some pretensions to statesmanship. He became lieutenant-governor of California, and represented his state in the United States Senate, but he fell on the dueling field before the fire of David S. Terry, who had resigned the chief justiceship of the California Supreme Court for the occasion. After Broderick's death the company adopted his name and a monument was erected to his memory.

Empire No. 1 was also David Scannell's company. Its engine house was a substantial brick-and-stone structure two stories high on a narrow lot, built at a cost

of $6,500, of which the company itself contributed $1,300. It housed two fire engines. The members were formed into a target company, and could parade 125 muskets. They became known as the Marion Rifles.

Lady Washington was among the first companies organized, and one of its early foremen was M. De La Montanya. With Protection, another early one, it was absorbed into Manhattan No. 2. This company had its engine house on Montgomery street next to the Metropolitan Theatre, but moved to Geary near Market, and later to O'Farrell street, between Stockton and Dupont (now Grant avenue).

Howard No. 3 appears to have begun life on Merchant street, between Montgomery and Sansome, but later found quarters on the south side of California near Sansome. This company was organized by Samuel Brannan, J. L. Folsom and W. D. M. Howard. The company was formed largely of Boston men. Mr. Howard presented to it the engine he had bought.

California No. 4 was on the north side of Market street, east of Battery, where it could have overlooked the Donahue monument, had Douglas Tilden's fine work existed at that time. Isaiah W. Lees, for many years chief of detectives of San Francisco, was once its foreman. So was William S. O'Brien, who, with his associates Flood, Fair, and Mackay, was to uncover one of the greatest treasures men have digged from the earth. Charles R. Bond, who became secretary of the Fireman's Fund, was secretary of California's building committee. The engine house proudly bore a belfry.

Knickerbocker No. 5 added the rose tint of feminine grace to the department. Its particular inspiration

was Lillie Hitchcock (later Mrs. Lillie Hitchcock Coit), who when a little girl ran with its engine. Knickerbocker No. 5 built its own house, on Sacramento street, between Sansome and Leidesdorff, having been burned out once. Nobody was eligible to membership except native sons of New York. And it owned a mahogany engine, now in the Golden Gate Park Museum, after having served for a time in Petaluma.

Monumental No. 6 occupied the engine house in Brenham Place overlooking Portsmouth Square from the west. It boasted a library of 1,000 volumes and, in later years, a steam fire engine built in New York—but that is another story. We have given above its record for throwing water with the hand-pump. It mounted the city's first public bell, which became the tocsin of the Vigilance Committee of 1851—so intimately interwoven was the old Volunteer Fire Department with the life and history of San Francisco. The bell itself was destroyed in the conflagration of 1906.

Then there were Volunteer No. 7, north side of Pine, between Montgomery and Sansome; Pacific No. 8, north side of Jackson, between Davis and Front; Vigilant No. 9, west side of Stockton, between Broadway and Pacific; Crescent No. 10, north side of Pacific, between Montgomery and Kearny (originally in Ohio street, between Broadway and Pacific); Columbian No. 11, north side of Bush, between Kearny and Dupont; Pennsylvania No. 12, north side of Jackson, between Kearny and Dupont; Young America No. 13, Sixteenth street, between Guerrero and Valencia, and Tiger No. 14, west side of Second street, between Howard and Natoma.

Claus Spreckels, and Charles M. Plum, a well-known merchant, were members of Tiger No. 14.

In addition there were the hook-and-ladder companies: the St. Francis, on Dupont street, west side, between Clay and Sacramento; Lafayette, south side of Broadway, between Stockton and Dupont; Sansome, east side of Montgomery, between Jackson and Pacific. Sansome had the largest truck in the state and carried 50-foot ladders. Later, there was organized the Independence, west side of Fourth street, between Market and Jessie.

The hose companies should not be overlooked, for they served well. There were the Washington, the Liberty, the Eureka, the Rincon, and one or two more.

Before the construction of cisterns, much of the labor and peril fell upon the hook-and-ladder companies. Less spectacular than the engine companies, they had equally vital work to do, and sometimes were more effective as life savers.

The general control of the department was in the hands of the chief engineer and his assistants, and a Board of Delegates composed of two representatives from each fire engine and hook-and-ladder house, and one each from the hose companies. There was a Board of Foremen, and a Board of Fire Wardens, consisting of the chief and his assistants, the fire marshal, and the secretary of the Board of Delegates. In 1863 the Washington and Liberty were the only hose companies represented on the Board of Delegates, but there were several independent companies.

Kohler was succeeded as chief by F. E. R. Whitney, who soon resigned, to be succeeded by Hossefross.

By courtesy of the Veteran Firemen's Association

A VOLUNTEER FIRE ENGINE COMPANY CRESCENT NO. 10, ORGANIZED IN 1852

Other chiefs were Charles P. Duane and James E. Nuttman — and Whitney again. In 1861 David Scannell became chief.

For a long time there was an exclusive clannishness among the companies as to origin of membership. The Brodericks, Manhattans and Knickerbockers were New Yorkers. The Howards were Bostonians. The Monumentals were Baltimoreans. The Pennsylvanias were mainly from Philadelphia. Lafayette Hook-and-Ladder was largely recruited from the French population, indeed to such a degree that it carried out French ideas of order and drill, on the plan of the Parisian *sapeurs et pompiers*.

CHAPTER IV

THE VOLUNTEER FIRE DEPARTMENT

PROBABLY few of the volunteer firemen of the Fifties had learned to regard themselves as San Franciscans. All came from a distance, and their residence here seemed but a sojourn.

It made rivalry intense and sometimes bitter. Company pride ran high. Pennsylvania No. 12, determined to have the finest fire engine, sent $5,000 to a Philadelphia builder for one of the latest pattern. The builder did not know how to put $5,000 into a fire engine, and while he was puzzling over it there arrived another payment. He wrote back explaining his embarrassment and asked what he should do with the surplus. The company replied: "Convert it into gold or silver, and stick it on anywhere."

In 1860 Pennsylvania No. 12 sent east for a steamer. It was to be the first steam fire engine in the state. Somehow the news got abroad, and Monumental beat the order east by using the Pony Express. So Monumental, not Pennsylvania, had the first steamer in the department. Pennsylvania regarded it as a trick, and came back by introducing horses, and for this refinement was dubbed the "kid glove company."

One of the early inducements to recruits was an act

of the state legislature, approved March 25, 1853, providing that any volunteer fireman who had served five years was entitled to a certificate whereby he should be exempt from jury duty or military service in California. On this basis George H. Hossefross founded, in 1857, the Exempt Fire Company, composed of eligible members of all San Francisco organizations. It appears to have been reorganized or to have gone through more formal organization in September, 1860, and in 1862 it received recognition from the legislature in the form of an act providing that the city and county should supply it with a house and fire apparatus. Many volunteers of five years' service joined the Exempts, but continued as active firemen in their old volunteer companies.

Hossefross also founded the Firemen's Charitable Fund. The Exempts, as such, had no vote in departmental matters, but all members had equal rights to relief from the Fund. And in 1865 the legislature vested control over the Fund in the Exempt Company.

David Scannell had been made chief engineer of the Volunteer Fire Department in 1861. In 1865 was introduced a general fire alarm telegraph system, to take the place of tapping out on the City Hall fire bell the number of the district in which the fire occurred.

In March of 1866, the Exempts were incorporated, and they then consisted of 1,226 members. Their source of recruits was about to fail. The Volunteer Fire Department was approaching its end, the organization that supplied Exempts would soon be no more.

The habits of San Franciscans were changing. The people were beginning to settle down. More citizens

lived beyond the business area and hence at a distance from the fire engine houses; went home when business hours were over, and found it more work and less sport responding to alarms.

Two more companies had acquired horse-drawn steam fire engines. Horses, steamers, and the electric fire alarm were all in the line of progress, and perhaps they all did their part in hastening the advent of paid fire departments, here and elsewhere.

The recklessness of youth was giving place to more mature counsels. The time was approaching when men no longer would race to fires—the horses would do it; when they would no longer put their backs into the pumping job in a frenzy to "wash" one another—steam would do it better. The electric alarm was less a family matter than the old bell of Big Six; it had no tradition, no legend, had never called together the Committee of Vigilance to war with rope and gallows against the common enemy.

The game had grown more mechanical, less personal. It offered less opportunity for local glory and the pride of fighting men. Did Pennsylvania No. 12 and Monumental No. 6 understand that when they sent east for steamers? Probably not; it is so much easier to discern such an effect when time has given perspective to events. But the steamers and the horses and the electric alarm would have come anyhow. Progress is always on the way.

And progress had taken another form affecting the situation: larger buildings were being erected, improvements were growing more valuable and important. Putting out fires was no longer a matter of sport

THE OLD TRADE-MARK

or inclination. It was no longer a game for volunteers; it was work for the regulars.

The Sunday morning papers of December 2, 1866, contained an announcement from Chief Engineer David Scannell to the effect that at midnight the paid Fire Department would go into operation, and the services of the Volunteers would no longer be required. The great bell on the City Hall tolled the knell of the old order, and in a score of fire department houses the Volunteers uncovered and stood with heads bowed while the active days of their honor and their glory passed away.

The Volunteer Fire Department was gone; but there remained the Exempts, in which organization members could still foregather with their comrades, and elaborate apocryphal tales of the days of old—one of the happiest exercises of the human intellect. On the dissolution of the Volunteers as such, the Exempts leased the engine house of Monumental No. 6, in Brenham Place, overlooking the Plaza. This housed the records, the minutes of the Volunteer Department and its Board of Delegates, and relics such as capes and leather helmets, portraits of members, Van Buren's old hand-pump engine, and a statuette of Mrs. Lillie Hitchcock Coit, honorary member of Knickerbocker No. 5. All these things and more, including Monumental's big bell, were destroyed in the conflagration of 1906; leaving only skeleton records with unexplained gaps and lapses, which must be the historian's excuse for many defects in this narrative.

CHAPTER V

INFANCY OF LOCAL INSURANCE

NOTWITHSTANDING the need of insurance, little insurance business was done in early San Francisco. Not only were the risks bad, but ships, and goods sent out on consignment, were usually insured in the eastern states or in Europe.

The *Alta California* of April 12, 1849, carried a card signed J. P. Haven, who was to be found at Portsmouth Square (now Portsmouth Plaza), announcing:

> The undersigned, agent for the (marine) underwriters of Philadelphia and Baltimore, and for a number of years past connected with the business, offers his services in the noting and entering of protests, adjustments of losses, and averages and all other matters connected with insurance.

J. P. Haven was a striking personality in early days. He appears to have been an energetic business man. A brigadier-general of militia, he was known as General "Josh" Haven. He was the first resident agent of the Philadelphia Marine Underwriters and directed salvage operations for them. He also had the marine agency of the old Insurance Company of North America. For the year when his card appears, and a few years thereafter, neither he nor anyone else seems to have done much business; and local insurance

companies were slow to organize. For this there were some interesting historical reasons.

The framers of the state constitution were resolved to protect the people, if they could, from the business swindles that had been rife in the development of the middle west, and they imposed on state corporations the kind of stockholders' liability which has long characterized California law in respect to corporations in general. Unlimited stockholders' liability was discouraging to both underwriting and banking.

A peculiar condition existed in regard to marine risks. The gold rush of 1849, with its high passenger rates, called into service all the vessels that could be spared on the Atlantic Coast, including about every old coffin ship that could be worked in a calm sea. Marine "graveyards" gave up their dead, which were galvanized into life with new rigging, loaded with passengers and their personal effects, and sent around Cape Horn, to reach the Golden Gate if possible, and lay their twice wearied bones in San Francisco Bay. There were no return freights, and few returning passengers. For many of these nautical revivals, once around the stormy Horn was enough. And had it not been a year of exceptionally fine weather in the southern hemisphere, many would have failed to make the first passage.

The Pacific Coast was practically uncharted, the perils of its navigation were unknown, and ships that made the Golden Gate (which Drake had missed), were still in some peril. In the early years a dozen vessels stranded at Fort Point, and another dozen about Alcatraz. Places in the neighborhood still bear strange

names, unrelated to their localities and puzzling to young geographers in school. Pigeon Point, for example, is not so named because it is the abode of pigeons, but because the clipper ship *Carrier Pigeon* was wrecked there on her maiden voyage from Boston. The clipper *Noonday* christened Noonday Rock, near the Farallones, in similar manner. Tonquin Shoal and Southampton Shoal have no connection with Asia or with England, but received their names from ships that grounded on them. There never was but one blossom on Blossom Rock, and that was the good ship *Blossom*. And Tennessee Cove was named for the Panama steamer *Tennessee*, which got that far with a load of passengers in 1855. Thus local geography became a catalogue of wrecks.

At first there were no tugs, and when tugs appeared towing was so costly that masters too often preferred beating out the Gate, which brought them deadly close to land on either side. The Potato Patch and the Farallones and Arch Rock claimed their toll.

In the field of fire insurance there was discouragement in the city's early tendency to burn down, a tendency associated in the popular judgment with the local lawlessness of a gold camp. Probably of all the forms of business, insurance is most dependent on an established social order and the security it gives, and these requirements of civilization took time to evolve. But by 1852 risks had improved and people were beginning to see the need of indemnity after their many conflagrations; and General Haven established the first fire insurance agency on the Coast, that of the Liverpool & London ("Globe" was not added to this title

COMMISSIONERS' NOTICE.—BOOKS FOR Subscription to the Capital Stock of the "Fireman's Fund Insurance Company of San Francisco," organized on the plan of giving one tenth part of all its profits to the "San Francisco Fire Department Charitable Fund," are now open, at the office of Messrs. WALLER & MOORE, Nos. 1 and 2 Montgomery Block, where subscriptions will be received until the Capital Stock of $200,000 is taken—divided into 20,000 shares, of $10 each, for the purpose of giving every member of the Fire Department (or any other person) an opportunity of not only making a safe and productive investment, but ofcontributing to the Charitable Fund for the widows and orphans of those noble and daring conservators, who peril their lives to save the lives and property of our citizens from conflagration.

COMMISSIONERS:

JAMES PHELAN, | J W TUCKNER,
WM. McKIBBIN, | A. HIMMELMANN,
R. H. WALLER.

THE FIRST STOCK OFFER

until 1864). By the end of 1853 San Francisco was firmly enough established so that it could be said of it as it was later said of another great California city, that it "looked as though it was going to be a permanent camp." There were then, according to J. P. Young, 626 brick or stone buildings, of which 350 were two stories high and 154 three stories; and there were 34 of four stories, and three of five stories and one of six stories. And there were some brick residences.

This was a better field for insurance, yet conflagrations went on. And that makes insurance, too. In 1853 arrived, by agency, the Monarch, of London, W. Lane Booker,* agent; the Home, of New York, Case, Heiser & Co., agents; and there were representatives of the Park, Royal, Niagara, Washington, and Imperial, the last represented by Falkner, Bell & Co., a well-known firm of commission merchants. In 1855 came the Northern Assurance and the Continental, the latter represented by C. Adolphe Low, who became one of the leading merchants of San Francisco. The Monarch and the Imperial did some life insurance. Three companies were doing marine business: the Mutual Marine Fire, the Hudson River Marine and Fire, and the Franklin Fire and Marine. Some mutual fire insurance companies appeared, the first to advertise being the California Mutual, which was launched in August, 1853, by J. H. Fontagnene, manager, and J. E. C. de Malye, secretary. Its office was in what is now Bartlett Alley, Chinatown.

A sort of insurance was carried on by private bankers

*W. Lane Booker was the British consul at San Francisco. He was afterward transferred to New York as British consul general to the United States.

and express companies by endorsement on bills of lading. But the whole business was tentative, unregulated, and confused. Agencies and companies were felt to be transient until time enough had elapsed to show them to the public as reliable concerns.

By 1854 or '55 eastern and foreign companies began to appear and the bankers began to confine their operations to banking. In 1856 appeared the Phoenix of Hartford, and the Unity, and the United States, of New York, E. W. Crowell, agent.

By 1857 enough companies were present to form a board, and with General Haven as president they organized the Board of Fire Underwriters' Association, or as it has also been called, the Board of Fire Insurance. It was the first board formed on the Coast. It offered a reward for the arrest of arsonists, and paid a detective a salary to look out for incendiarism and jail the incendiaries. It displayed equal sagacity in regard to credits, opposing longer credit for premiums than the remainder of the month in which the insurance was written. And it stigmatized, as a form of rebating, the payment by any company of the state stamp tax on policies.

Insurance had now arrived and was established as a support of San Francisco business. According to a statement made by the late J. P. Moore, librarian of the Fire Underwriters' Association, premiums paid in the city during 1857 amount to $145,644. It is indicative of the fact that men are now doing business with their own capital, have something to insure. Major Carrere has stated in the *Pacific Underwriter and Banker* that rates were 2 per cent for the best brick risks and 5 per

cent for frame. But, thus far, no local insurance company had been formed.

In 1858 appeared the German Mutual Fire Insurance Company; President, J. W. G. Schulte; Vice President, Frederick Meyer; Secretary, John Kohlmoss; Treasurer, Nicholas Van Bergen. It had no local or special agents, and no capital. Its office opened at 2 o'clock in the afternoon, and the officers decided that by 3 o'clock they had assumed enough fire risks for the day and adjourned. They worked it along for ten years, paying losses out of premium receipts and enjoying the business exclusively of the German population, when a vigilant insurance commissioner demanded that they set up certain reserves or cease doing business—so they ceased.

In the meantime there had been organized the California Mutual Marine; the San Francisco Fire; the California Lloyds; the Merchants Mutual Marine; and the Fireman's Fund. The last named dates from May 3, 1863.

CHAPTER VI

IN 1863

WHEN the Fireman's Fund Insurance Company was founded, in 1863, the country was involved in civil conflict. News of the nation's travail reached the youthful San Francisco and was anxiously read by its inhabitants, most of whom were concerned as citizens recently removed from the eastern part of the country.

In the procession of its years the Fireman's Fund has seen and has been directly or indirectly affected by rapid changes in the conditions of life, industry and business. It has seen the end of the Civil War; the purchase of Alaska; the settlement of the West; the completion of the overland railway; the annexation of Hawaii; the Spanish War and the acquisition of the Philippines.

It has seen the maturity and end of the clipper ship era; the decline of the merchant marine and the whaling industry; the conversion of navies and merchant marines from sail to steam, the internal combustion engine and electric drive, and from wooden hulls to hulls of steel; the construction of the Panama Canal.

It has seen life in its home city, San Francisco, affected by all these things and many more, and has seen

other developments of importance locally. In 1863, San Francisco was 14, or 16, or 18 years old—or older, according to individual opinion as to when it began. If you take the establishment of the Presidio, or Spanish military post, as its beginning, it was older than the rest of the United States was nationally, the Presidio having been founded in 1776. If you date its origin from the arrival of Samuel Brannan, who came in 1846, has been called virtually the founder of San Francisco, and who was one of the founders of the Fireman's Fund, the city was then 17 years old. Conditions were crude, but perhaps were not much more so than they were elsewhere; and they had an intense interest, especially to the inhabitants, owing to San Francisco's romantic beginning and rapid growth.

California had attracted numbers of the most energetic and capable men in the country; and they came, not as fugitives from poverty and oppression, but as conquerors of a golden world. In 1863, San Francisco had already become a commercial city of importance. It was the main sea portal to the land of gold, and it had also become a great grain center. The harbor was crowded with shipping, largely of the modified clipper type. The city itself was paved with cobbles, lighted with gas, kerosene, camphene and whale oil, and abundantly supplied with barrooms and livery stables.

Business elsewhere was on a paper currency basis, but Californians dealt in gold. The important general business occasion was "Steamer Day," which occurred twice a month, on the 28th and 14th, just preceding the departure of the Panama steamer on the 1st and 15th. It was a date for the general settlement of

accounts, for remittances must be made to eastern creditors, and this salutary short credit custom persisted in many lines down to the great fire of 1906.

Although the Comstock Lode had been discovered, San Francisco had not yet plunged into the speculative frenzy that was to follow. The Stock and Exchange Board was organized September 11, 1862; the San Francisco Board of Brokers began operations on April 15, 1863; the Pacific Board opened three months after that; but business was still conservative in method, and bankers frowned on margin speculation. They lent money at 1¼ to 2 per cent a month.

Communication with "the East" was by overland stage coach, or by steamer to Nicaragua or Panama and another steamer up the other side—or else by clipper ship around Cape Horn. The clipper ship had been the main feature of California transportation ever since the *Flying Cloud* established in 1851, and lowered in 1854, the still unbeaten sailing record of less than 90 days from New York to San Francisco; but by 1863 the clipper was giving way to the modified clipper, and other slower but more capacious hulls. Much freight came in ships; and the semaphore that gave the name to Telegraph Hill announced their arrivals. The electric telegraph had completed connection between New York and San Francisco by the end of October, 1861.

In the month of the founding of the Fireman's Fund, the Central Pacific Railroad of California advertised for sealed bids for the grading, masonry and bridging of its first division, from the California Central Railroad, in Placer County, to Clipper Gap, about 30 miles—Leland Stanford, President.

It will thus be seen that the Fireman's Fund Insurance Company is an older institution than the overland railroad, and that its development has been contemporaneous with that of the reconstructed nation after the nation's great internecine conflict.

To all these changes and many more it has had to adapt itself, and from them appropriate whatever would help it discharge its social function—supplying security to industry and business.

CHAPTER VII

BIRTH OF THE FIREMAN'S FUND

BY 1863, San Francisco has attained some development on its own commercial and industrial lines, and is hospitable to projects. It has lost some of its infant nostalgia, and is beginning to think of settling down and rearing a generation of native sons and daughters. It has largely got over wanting to go "back to the states"; and it hates to see all the good insurance premiums go back.

Here men had a new sense of personal freedom. They did not feel bound to the employment they had once pursued in older parts of the country. There were still people that were willing to work for a living, and most of the early San Franciscans were—most of those, at least, whose names and families have survived. And they were willing to work at almost anything. A man might begin with a blacksmith shop and wind up with a shipyard. Some did. Go back in the biography of almost any pioneer and you are apt to find him working at whatsoever his hand could find to do. It did not seem strange to the San Franciscans of the early Sixties that a sea captain should start an insurance company.

The Fireman's Fund Insurance Company, in the beginning, was an idea that germinated in the brain of

FIREMAN'S FUND INSURANCE COMPANY.

We respectfully call the attention of property holders and insurers to the many advantages this company offers for the protection of property against loss or damage by fire:

First—That of being organized on the philanthropic principle of allowing the insurer the honorable satisfaction of patronizing an institution that gives one-tenth part of its entire net profits to the San Francisco Fire Department Charitable Fund, for the relief of disabled and needy firemen, and their widows and orphans.

Second—The benefit to be derived from the pecuniary interest and coöperation of the best organized and most efficient Fire Department in the United States, cannot be over valued by insurers, especially when we take into consideration that they number over a thousand energetic public conservators.

Third—The capital stock of this company is owned by nearly four hundred of our citizens, who will spend its products here for the benefit of home interests. The affairs of the Company is managed by a Board of fifty Directors, selected from our most reliable and efficient citizens, representing nearly every business pursuit, and personally interested in the welfare and prosperity of the city and home institutions.

There is no evading the fact, that we are in duty and honor bound, as rational and accountable beings, to respect and honor with our patronage and influence home institutions that have for their object the welfare and prosperity of our city and State.

Every property holder should forthwith avail themselves of the facilities this company offer for the protection of their property. Delays are dangerous; procrastination is the thief of time. To-morrow your building and contents may be in ashes.

Blank forms of application for insurance can be had on application to the officers of the company, whose purpose it will be to conduct the affairs of the Company intrusted to them, in a judicious, honorable, and satisfactory manner. Referring to the list of directors for the character and statistics of the company, we respectfully solicit a share of public patronage. Office No. 238 Montgomery Street.

AN EARLY ADVERTISEMENT

FROM LANGLEY'S SAN FRANCISCO DIRECTORY FOR 1863-64

Captain William Holdredge, a retired skipper with the promoter's instinct.

Holdredge was not an insurance man. Neither were his first directors insurance men. The insurance company that has absorbed and survived almost every other ever started in California, was not founded by underwriters, but by pioneer merchants piloted by a sailor man ashore. And if it had not abandoned his plan pretty early, there would now be no Fireman's Fund Insurance Company.

The Holdredge scheme was to write a general business in cities having fire departments, and pay out of the profits of the company ten per cent to the firemen's charitable funds of such cities. He aimed thereby at making business help charity and charity contribute to business. And in this is the origin of the company's name. The charity, a worthy one, would commend the venture to the public and tempt people to assist the fund by insuring in the company. And, it would make the Fireman's Fund peculiarly and pecuniarily the insurance company of the Volunteer Fire Department, that organization of heroes and local patriots and politicians and embryo statesmen who felt themselves deserving of consideration and support from the property owners for whose interests they stood ready to sacrifice their time, and even risk their lives. Who that enjoyed the protection of the Volunteer Fire Department could refuse to insure in its company?

Moreover, the interest of the Volunteers would, it was hoped, manifest itself in the presence of the fire fiend. According to a custom coming down from the early days of fire insurance, the company's "house

mark," in the form of a tin sign, would be attached to the building that was insured in it, and the firemen might be expected to get more water on that building because they had a financial interest in the company's profits. The plan seemed feasible, and it appealed to business men unfamiliar with insurance.

Captain Holdredge had another idea which, while not cursed with the inherent vice of the first, was also impractical: he proposed a board of directors of fifty members, twelve of whom should be members of the Fire Department, which was to nominate them. And these twelve would be there as representatives of the interest of the Charitable Fund and would doubtless bring business to the company through the department's prestige and connections.

Articles of incorporation were filed in September, 1862, and subscription books were opened at the offices of Waller & Moore, attorneys, in the old Montgomery Block; still standing as this is written, on the east side of Montgomery street, and occupying the space from Merchant to Washington.

The Montgomery Block is one of the city's historic buildings. It was erected in 1853 by the law firm of Halleck, Peachy, Billings & Park, the senior member of the firm achieving fame later as a Union general in the Civil War. The building became a nucleus of city life. The Bank Exchange, the city's best barroom in early days, if we except Barry & Patten's, occupied the corner at Washington street, and before the regular boards of brokers were organized it formed a sort of curb market, where shares in some of the local corporations and mining companies were bought and sold.

James King of William was murdered near by, and it was in the Bank Exchange that William T. Coleman wrote the call for the Committee of Vigilance of 1856, a body of citizenship that H. H. Bancroft, the historian, has characterized as "the greatest popular tribunal the world has ever witnessed."

The invitation to subscribe for stock in the Fireman's Fund Insurance Company, as it appeared in an early law journal, is reproduced on another page, under the title "Commissioners' Notice."

Partnership with the Fire Department was indicated by the name of William McKibben on this "commission," for McKibben had been secretary of Empire Engine Company No. 1, when Broderick was its foreman, and he headed the board of trustees of the Fire Department Charitable Fund. For some reason the invitation failed to invite—at least the plan in that form did not work and was not actively pushed. But Holdredge soon made a second start. Articles of association were filed in the office of the County Clerk on May 1, and in the office of the Secretary of State on May 6, 1863, reading:

This instrument in writing will certify that Henry Dutton, Daniel N. Breed, A. Himmelmann, R. H. Waller, Joseph H. Moore, James H. Cutter, Michael Lynch, and William Holdredge, hereby form themselves into an incorporation, under the laws of the State of California, to be known by the corporate name of "Fireman's Fund Insurance Company."

The object and purpose of the Company are to make Insurance upon Dwellings, Houses, stores and all other kinds of buildings, and upon Household Furniture, Merchandise, Mortgages, Leases, Interests, Vessels and their Cargoes, whilst at any Pier, Wharf, Dock, Embarcadero, or other landing place, personal and other Property, against loss or damage by FIRE.

The amount of Capital Stock shall be Two Hundred Thousand Dollars.

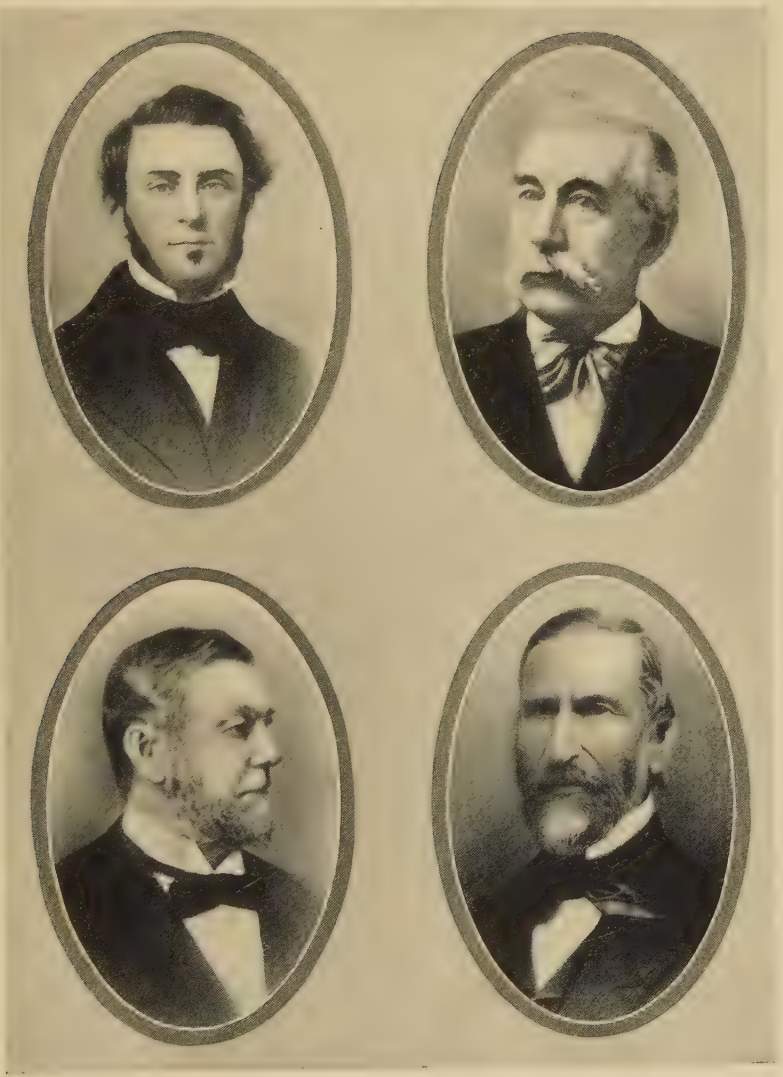
The term of its existence shall be Fifty Years from the date of filing its Certificate of Incorporation.

The number of its Shares shall be Twenty Thousand, at Ten Dollars per Share.

The office of the Company and its principal place of business will be in the City and County of San Francisco, in the State of California. The Directors who shall manage the concerns of the Company for the first year are Fifty in number, and consist of the following named persons, all of whom are stockholders, and citizens of this State.

Bacon, Jacob
Barton, John
Brannan, Samuel
Breed, Daniel N.
Burns, John H.
Cazalis, Eugene
Carlton, Frank D.
Clayton, Charles
Conro, E. D.
Cutter, James H.
Detrick, E.
Dodge, H. L.
Durkin, Edward
Dutton, Henry
Ebbetts, A. M.
Flood, James C.
Galloway, J.
Gately, T. J.
Gordon, John
Grey, C. V.
Hartshorne, B. M.
Hathaway, C. W.
Himmelmann, A.
Holdredge, William
Hyatt, Caleb
Kohler, F. D.
Lindenberger, Thos. E.
Lynch, Michael
McKibben, William
Moore, Joseph H.
Nichols, A. C.
Norris, William
Palmer, Cyrus
Parker, S. H.
Pfeiffer, C. J.
Phelan, James
Purdy, J. B.
Risdon, J. N.
Rockwell, W. M.
Rutherford, T. L.
Sage, Lewis P.
Scannell, David
Short, John, Sen.
Shotwell, J. M.
Stout, Arthur B.
Stratman, John
Cutter, R. S.
Wadsworth, J. C. L.
Waller, R. H.
Worn, G. A.

This effort was more successful. Holdredge had been busy with prospective directors and had strengthened his board.



GROUP OF FOUNDERS OF THE FIREMAN'S FUND

SAMUEL BRANNAN
HENRY LEE DODGE
ARTHUR M. EBBETTS
HENRY DUTTON

Brannan, Ebbetts and Dodge were presidents of the Society of California Pioneers

CHAPTER VIII

ORIGINAL DIRECTORS

THE man whose name headed the new list of incorporators was a typical San Francisco pioneer, and one whose record so illustrates the conditions under which San Francisco and California developed that it is worth attention at this point.

Henry Dutton was a descendant of Revolutionary ancestors. He owned a sawmill at Bangor, Maine. It burned. He came to California, starting in 1849 and finishing the trip in ten months, which brought him here in the summer of '50. He dug a little gold, but had more faith in lumber, so he bought a lot in San Francisco and set up a planing mill.

It burned. The owner of the ash heap started for the "southern mines" to get more capital. At Stockton he met a man that was going to grow wheat in the San Joaquin Valley, and Dutton joined him. The grain headed out beautifully, the venture was so far a success, and they were about to harvest when the San Joaquin rose over its banks and flooded the crop.

Henry Dutton returned to San Francisco. He was looking up and down the street for a new mill site when a man came along driving a pair of horses with paper in their headstalls.

It will be necessary to explain to a generation that knows little more of horses than the inhabitants of Venice, that such a sign advertised the equipage for sale. Henry Dutton bought it. Within a few hundred yards a merchant was receiving goods from a steamship, and the former mill owner, former agriculturist, now teamster, having no diffident inhibitions, offered himself and horses to help haul merchandise, and was accepted—for all kinds of work needed all kinds of labor—and he put in the day heaving packing cases and driving his equine twin-six.

Near a wharf Dutton found A. G. Sherman selling hay and grain to anyone that dropped in; so he dropped in, with a request for stable accommodations. He saw that the business could be expanded if orders were looked up and deliveries made, so in the morning he again offered himself and horses, in that professional capacity.

Dutton and Sherman formed a partnership, horses and all. Hay and grain were being scowed and schoonered down the rivers and across the bay and they received it and sold it, and lent money to the farmers to help them produce more.

The firm of Henry Dutton & Son grew out of those transactions, and it throve. Its operations had no resemblance to the sawmill business back in Maine except that they called for probity and diligence, and understanding of business methods.

All the directors, including the Fire Department members, were vitally concerned in the progress of their city. Brief citation of their status and connections will indicate the personal basis of the new corporation.

Daniel N. Breed was senior member of the firm of Breed & Chase, dealing wholesale in groceries and provisions at Clay and Battery streets.

A. Himmelmann was a capitalist who financed street work contractors in the grading and paving of new streets. He met their payrolls and discounted their warrants, and did good business for a number of years.

R. H. Waller and Joseph H. Moore were attorneys with offices in the Montgomery Block. They looked after the legal proceedings in the formation of the company, and with Cyril V. Grey were its attorneys.

In James H. Cutter the Fire Department had a representative and an assurance of vigilance in its interest, for Cutter was the first foreman of Knickerbocker Engine Company No. 5, and at the time of the incorporation was treasurer of the Fire Department Charitable Fund. He was a wholesale grocer.

The department had equally strong representation in Michael Lynch. He was an important figure in San Francisco. Lynch was not only a member of Young America Engine Company No. 13, but was secretary of the Board of Delegates and Board of Foremen of the Fire Department; and he was president of the Board of Education.

Jacob Bacon was a member of Towne & Bacon, book and job printers, a firm that has grown into the widely known California institution of Blake, Moffitt & Towne, with branches in several coast cities.

John Barton was the man that developed the salt business on San Francisco Bay, a business very important in the bay region then and now. He was proprietor of the Pacific Salt Works, which merged with the

Union Pacific Salt Company, of which Barton became president. For six years he was president of the Alameda Board of Education.

Next comes the irrepressible Samuel Brannan. If San Francisco may be said to have had a founder, that title might well go to him. He had a burning faith in the destiny of the city, even before the Marshall discovery of gold, and his recent biographer, Dr. J. A. B. Scherer, in "The First Forty-Niner," calls him the original Californiac. Brannan was San Francisco's first millionaire, and the founder of Calistoga, whose tall palms he is said to have planted.

Brannan was born in Maine. In New York he became a Mormon elder; and he brought a "cargo of Mormons" through the Golden Gate in 1846. He brought a printing press and with it started San Francisco's first newspaper, the *California Daily Star.* Volume 1, No. 1, of the *California Daily Star,* was dated at Yerba Buena, January 9, 1847, but Mr. Boutwell Dunlap has recently discovered *An Extra in Advance of The California Star* with the name of S. Brannan, printer, at the "masthead," and the date of October 24, 1846. "Price One Real, or 12½ cents, or one bit."

When he came to San Francisco, Brannan brought equipment for two flour mills and they were the first in the town. He preached the first sermon in English in the nascent city, performed the first marriage ceremony in English, forced the first jury trial ever held in an alcalde's court when sued by some of his communicants (he won), and was among the first to proclaim Marshall's great discovery of gold. Some

FIREMAN'S FUND

INSURANCE COMPANY,

A HOME INSTITUTION.

ORGANIZED ON THE PLAN OF PAYing one-tenth of the Net Profits to the San Francisco Fire Department Charitable Fund, for Disabled Firemen, their Widows and Orphans.

Cash Capital : : : : : $200,000.

TO BE INCREASED TO

$500,000!

Office, 238 Montgomery street,

"The Fireman's Fund Insurance Company," issue policies upon all kinds of insurable property, from $ 00 to $15,000 against loss or damage by fire, on as favorable terms as any other responsible Company, and will promptly adjust and pay all its losses in United States Gold Coin.

Referring to the following list of Directors, we respectfully solicit your patronage and influence:

DIRECTORS.

Athearn, C G	Lyon, Wm H
Baby, F E	Mc Gibben, Wm
Barton, John	McMahon, F P
Bourn, W B	Moore, Joseph H
Braly, M A	Nichols, A C
Brannan, Samuel	Norris, Wm
Bull, Alpheus	O'Brien, Wm S
Cutter, E S	Palmer, Cyrus
Dick, S W	Parker, S H
Dillon, Thomas	Peirce, Joseph
Dutton, Henry	Peters, Chas R
Earl, John O	Pfeiffer, E J
Ebbetts, A M	Phelan, James
Fordham, R B	Raimond, R E
Gately, T J	Reis, Christian
Gawley, W H	Risdon, J N
Gardiner, J H	Rockwell, W M
Haney, W W	Rutherford, T L
Hathaway, C W	Sather, P
Himmelmann, A	Sabins, A C
Hixon, W H	Spreckles, C
Hobbs, C S	Thompson, S B
Holdredge, Wm	Vandewater, E J
Lowell, N R	Wadsworth, J C L
Lynch, Michael	Wood, Samuel A

COMMITTEE ON FINANCE AND LOANS.

W B Bourn,	Henry Dutton,
A Himmelmann,	John Barton.
Michael Lynch,	

WM. HOLDREDGE, President.
S. H. PARKER, Vice-President.
CHARLES R. BOND, Secretary fe19-3taw3p

FROM THE *ALTA CALIFORNIA* FOR MARCH 30, 1864

of his Mormons took to mining, and he followed them up and collected tithes from them. He invested heavily in San Francisco real estate, and in the early Fifties owned a fifth of the town, including much of the Market street frontage. He kept a general store at Sutter's Fort and made immense profits. In 1853 he put up the Express Building on the site of the present Kohl Building at the northeast corner of California and Montgomery streets.

Brannan had a genius for public commotion, and, incensed at the "Hounds" and "Sydney Coves" and the successive burnings of the city, he became organizer and president of the Vigilance Committee of 1851—although it seems to have required the steadier head of William T. Coleman to give rational direction to its energies. Scherer says of Brannan: "He was the prime mover in nearly every early enterprise, whether for profit or philanthropy." He was the city's general leader, member of the first city council, later of the state senate, and he was a president of the Society of California Pioneers. He owned property in Honolulu, traded in China and Europe, and floated a bond issue for the Mexican patriots trying to throw off the yoke of Maximilian.

But in time Brannan's ventures grew top-heavy, and speculation tipped over his lofty financial structure. He built a distillery at Calistoga and absorbed too much of his product. It has been said that the name of the town resulted from his bibulous effort to proclaim the California Saratoga.

The Mexican government later paid him $49,000 on account of interest on those old bonds, which this

astounding person used to pay his debts, and in 1889 he died in comparative poverty on a little ranch near San Diego. Brannan was a San Franciscan—could not have functioned anywhere else. And H. H. Bancroft says of him: "So long as society holds its course in San Francisco his name should be held in honored and grateful remembrance."

John H. Burns conducted, with John Maguire, a dispensary where soft drinks and those that took them were perhaps seldom in evidence. Burns came into the company as a representative of the Fire Department, inasmuch as a good many saloon men were firemen, and some firemen gravitated into the saloon business where their acquaintance would stand them in good stead. Burns was a member of the Pistol Battalion of the Vigilantes of '56. He represented Washington Hose Company on the Fire Department's Board of Delegates.

Eugene Cazalis was a commission merchant, in business on Front street.

Frank D. Carlton was connected with A. Roman & Co., booksellers and publishers, the first printers of the *Overland Monthly*, which gave the world the early work and fame of Bret Harte.

Charles Clayton was of the firm of Charles Clayton & Co., produce commission merchants, agents for the Santa Clara Flour Mills. Clayton represented the Seventh District in the Board of Supervisors.

E. D. Conro & Company were proprietors of the Golden Gate Flour Mills, on Battery street, with an office on Clay.

Henry Lee Dodge was a member of Dodge Brothers, wholesale dealers in provisions. His party was the first to reach California by way of Vera Cruz and San Blas. In 1849 Dodge was secretary to the Town Council. He was a clerk under Mayor Geary, a Superintendent of the Mint, and a founder of the firm of Dodge, Sweeney & Company, one of whose later members, F. W. Van Sicklen, became and is at this writing a director of the Fireman's Fund. Dodge was a president of the Society of California Pioneers.

Edward Durkin was a produce dealer.

Arthur M. Ebbetts was a coal dealer with a depot on Sacramento street. He was a member of the Vigilance Committee of 1851, and in the Vigilance Committee of 1856 he was an aide to Charles Doane, major-general of the military forces. Ebbetts became County Recorder in 1861, and was elected a Supervisor of the City and County in 1864. He was one of the substantial citizens that stood high in the Fire Department and could be trusted to look after its interests. He was a president of the Society of California Pioneers.

James C. Flood became one of the "Bonanza kings." At the time of the founding of the Fireman's Fund he kept, with William S. O'Brien, the Auction Lunch saloon at 509 Washington street. O'Brien appears to have been the more sociable and personally engaging half of this world-famous pair, while Flood was the more practical. The mansion Flood built on top of Nob Hill now houses the Pacific Union Club.

J. Galloway was a member of the firm of Galloway & Boobar, pile drivers and dock builders.

T. J. Gately was a dealer in hardware, with a store on Geary street.

John Gordon was a merchant with an office on Washington street.

Cyril V. Grey was one of the attorneys for the new company. He was a member of Columbian Engine Company No. 11 and represented it on the Board of Delegates of the Fire Department.

Benjamin M. Hartshorne was a member of the board of trustees of the California Steam Navigation Company, operating steamers and carrying the mails between San Francisco and Sacramento, and San Francisco and Stockton, and connecting with light draft boats for the up-river towns.

C. W. Hathaway was proprietor of the Rincon Point Warehouse, and was in the storage and loan business.

Caleb Hyatt was an architect, and was one of the organizers of California Engine Company No. 4. He was a Vigilante.

Thomas E. Lindenberger was a member of the firm of Badger & Lindenberger, importers and jobbers of clothing, and agents for Chickering & Sons' pianos.

Asa C. Nichols was a real estate operator with an office on California street.

William Norris was secretary to the California Steam Navigation Company.

Cyrus Palmer was an iron worker, associated with Howland, Angell & King in the Miners' Foundry and Machine Works, on First street. This firm made stamp mills and other heavy machinery for the mines. Palmer was a Vigilante.

S. H. Parker was Postmaster of San Francisco and head of the Independent Order of Odd Fellows on the Coast. He resided at the Lick House, on Montgomery street, and took an active part in the life of the city. He became the second president of the Fireman's Fund, but died shortly thereafter.

C. J. Pfeiffer was a German druggist, with a store at Dupont and Post streets.

James Phelan was a capitalist with extensive interests in real estate, both in San Francisco and down the peninsula. He was the father of James D. Phelan, who became a mayor of San Francisco and a United States Senator.

J. N. Risdon was a member of the firm of Coffey & Risdon, operating a steam boiler and sheet iron works at Bush and Market streets. This concern got to casting propeller shafts, making locomotives and doing work of the heavier sorts, and developed in time into the Risdon Iron Works, a well-known San Francisco institution.

W. M. Rockwell was of the firm of Rockwell, Coye & Co., importers and jobbers of hardware, at Battery and Pine.

T. L. Rutherford, of Grosh & Rutherford, was one of the proprietors of the Commercial Flour Mill, on First street.

Lewis P. Sage was the proprietor of Cowell's Warehouse, at Battery and Union.

David Scannell was chief engineer of the Fire Department. He was a competent fireman and valuable official.

Captain John Short, Sr., was a deputy in the sheriff's office, and keeper of the County Jail; and a member of Vigilant Engine Company No. 9. Short became a police captain, and with Chief Crowley and Chief of Detectives I. W. Lees, was one of the triumvirate of the San Francisco Police Department.

J. M. Shotwell was secretary to the Gould and Curry mining company. He was manager of the Merchants' Exchange and a member of its board of directors. He was a director also of the California Safe Deposit and Trust Company, and from October, 1890, to January, 1892, was president of the San Francisco Stock and Exchange Board.

Dr. Arthur B. Stout was a physician, and secretary to the Fire Department's Board of Physicians and Surgeons. He was a Vigilante.

Major John S. Stratman was one of the picturesque characters of early San Francisco. He was a positive and pervasive person, entering into public activities with a sort of martial energy. Stratman was a veteran of the Mexican War. He joined Broderick Engine Company No. 1 in order to vote for his friend David Scannell for chief engineer of the Department. He was treasurer of the Board of Delegates of the Fire Department, and treasurer of his company, and later became treasurer of the Exempts. He was one of the founders of Downieville. He was a 33rd degree Mason and one of the founders of the Republican party in this state.

R. S. Cutter was head of the firm of R. S. Cutter & Co., proprietors of the Howard Market, at Howard and Second streets.

J. C. L. Wadsworth was one of those courageous pioneers who, associated in the Vigilance Committee, saved their city by extra-legal methods from corruption and crime in the Fifties. He arrived in San Francisco as a member of Stevenson's Regiment of New York Volunteers, in 1847. He is the man that took Whittaker off the ship that had brought him from Santa Barbara, and conducted him to the rooms of the Committee that hanged him. He was a member of Columbian Engine No. 11, and was one of its representatives on the Board of Delegates. At one time he was secretary to the Gould & Curry mining company. Wadsworth was made State Insurance Commissioner by Governor Stoneman, in 1886, to succeed George A. Knight.

George A. Worn was a real estate agent, and a member of St. Francis Hook and Ladder Company. He was a Vigilante.

Of those that served at various times as officers and directors of the Fireman's Fund, the following were pioneers, in the narrower and more technical sense, having arrived in California in 1849 or before: D. J. Staples, President; Alpheus Bull, Vice President; George D. Dornin, Secretary; and Directors Henry L. Dodge, Arthur M. Ebbetts, C. W. Hathaway, J. H. Moore, James Phelan, John Short, Dr. A. B. Stout, J. C. L. Wadsworth, Samuel Wood, William McKibben, Cyrus Palmer, R. E. Raimond, George A. Worn, and Samuel Brannan.

CHAPTER IX

NEW ADVENTURE

THE infant corporation began its career in Rooms 1, 2, and 3 Government House, or, as it was called, Government Block, an ambitious three-story building that escaped the flames of 1906 and still stands at the northwest corner of Sansome and Washington streets.

The officers of the Fireman's Fund Insurance Company then were: William Holdredge, President; S. H. Parker, Vice President; William Fell, Secretary; Waller & Moore and Cyril V. Grey, attorneys; and W. Holdredge, surveyor.

One of the first official acts of the directors was a resolution that the offices should be open every evening from 7 to 8 o'clock, to give working people a chance to insure. This was a departure from the German Mutual's comfortable practice of opening for business at 2 p. m., and closing an hour later because it had taken enough risks for the day. The Fireman's Fund was not made up of easy-going Germans, but of canny New Englanders and hustling New Yorkers, and they went after business from the beginning.

And on June 18, hardly more than six weeks from the date of incorporation, they took in $12 — plus

SAMUEL H. PARKER

PRESIDENT, 1864-1866

$1.75 stamp tax. It so appears from the first policy issued from the offices in Government Block; a policy insuring Walter Hawxhurst for a year against damage by fire to the extent of $1,200 on his undivided half interest in a thousand five-gallon kegs of Boston syrup owned by him and William Bosworth, and stored in the Union Warehouse at Battery and Union streets.

Policy No. 1 bears the names of fifty directors, but some changes have occurred since the articles of association were filed. Clayton, James H. Cutter, Flood, Phelan and Purdy are off the list. S. W. Dick, merchant, has been added; and H. Heynemann, of Heynemann & Co., importers of drygoods, and agents of the Pioneer Woolen Factory at Black Point. Other new names are R. E. Raimond, shipping and commission merchant, and C. E. Hitchcock, consul for the Kingdom of Hawaii.

It also appears that after the form of Policy No. 1 was printed and before it was filled out, the office of secretary passed from William Fell to Charles R. Bond. Bond had been confidential secretary to W. D. M. Howard and before that was a bookkeeper in a Boston bank—a methodical office man, yet not altogether of the sedentary and retired character, for he was a member of the Volunteer Fire Department, and had been a member of the Committee of Vigilance of 1851, and captain in a regiment of the Vigilantes of '56. He served the Fireman's Fund as secretary until 1872, when he was succeeded in that office by George D. Dornin, and became the company's accountant.

The ship is now fairly under way, but will soon have to change skippers, and the business plan of the voyage.

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The original offices of the company were on the Sansome street side of Government Block, on the second floor. They were centrally situated. It was soon evident that the second story might do for a concern that wanted only what business would be willing to climb the stairs, but if more was desired it would be better to get on the ground floor. As soon as circumstances permitted, the company removed to 238 Montgomery street, which was just south of Pine, on the east side.

One of the new company's advertisements, reproduced opposite page 28, will illustrate the lines on which it proposed to carry on business. It appeared in the San Francisco directory of 1863-64, unsigned and unsired, but apparently emanating from the fertile brain of Captain William Holdredge.

From the new office issued an announcement which appeared in the *Alta California* in July, 1864, and which has been reproduced opposite page 36. It was followed by the names of the fifty directors, with a few more changes. Among the new members are C. G. Athearn, of Athearn & Morrison, doing wholesale business in groceries and provisions on Clay Street Wharf, with a good shipping connection; Captain Francis R. Baby, assistant agent of the Pacific Mail Steamship Company; W. B. Bourn, capitalist and mining man, and father of the present chairman of the board of directors of the Spring Valley Water Company; M. A. Braly, a real estate dealer or "operator" as he would now be called; and there was Alpheus Bull, a "Forty-niner" and a man of eminence in the growing community.

Alpheus Bull had been a merchant in the northern part of the state, a member of the firm of Bull, Baker & Co., at Red Bluff, which his enterprise early made a base of supplies for people bound for the northern mines. Coming to San Francisco in the early Fifties he engaged in banking, but soon retired to attend to his personal investments. He took a leading part in the development of the Comstock Lode, and was for many years president of the Gould & Curry mining company. Even in those early days he had some idea of the possibilities of a great petroleum business in California, and was active in railway promotion. He had projects for the enlistment of Belmont money in a railway through the Feather River canyon.

R. B. Fordham was a wholesale grocer, doing business at Front and Jackson streets.

William H. Gawley was an agent of G. A. Meigs, in the lumber business, operating Puget Sound packets.

John H. Gardiner lived at Rio Vista, where he owned land. He was a good accountant, and a competent business executive.

William M. Hixon was in the carpet business. He was a well-to-do business man with a wide acquaintance and good standing in the Fire Department.

Caleb S. Hobbs was a member of the firm of Hobbs, Gilmore & Co., operating planing mills and a box factory and doing a little in California native wines and brandies.

N. R. Lowell was a warehouseman, William H. Lyon was a brewer, and W. W. Haney kept the Gem Saloon. Joseph Peirce was a furniture dealer. Charles R. Peters was a warehouseman.

F. P. McMahon was an importer of oils; Christian Reis was in the real estate business; A. C. Sabins was a shipping and commission merchant; S. A. Wood was an importer of boots and shoes.

Peder Sather was a member of Drexel, Sather & Church, bankers. He was a real tower of strength in the organization, and buttressed it with generous credit after the Chicago fire. It was from his estate that the campanile on the University of California campus, and Sather Gate at the main southern entrance, were built.

Claus Spreckels was a member of the Volunteer Fire Department, and also president of the Bay Sugar Refinery, and became one of the great sugar magnates.

S. B. Thompson was a builder, and a member of the school board. R. J. Vandewater was a merchant.

Captain Holdredge had been an energetic promoter, and apparently a good organizer, but as an underwriter he does not seem to have satisfied the ideas of the business men on the board of directors. A little over a year after organizing the company his connection with it ended, and his place was taken by the vice president, Mr. S. H. Parker.

But Holdredge had felt out the possibilities of the business, and it is a good thing for civilization that in some temperaments the promoting instinct is strong. Holdredge set about organizing another company, and had it going by the following year: the Home Mutual, with a capital of a million. This time he was satisfied with but 33 directors, but he had evolved an even more ingenious plan for getting business. He proposed not only to make donations from profits to the charitable funds of fire departments, but to credit every policy

CAPITAL

$200,000

FULLY PAID IN

GOLD COIN.

OFFICE:

238

MONTGOM'Y

STREET,

SAN FRANCISCO

One-tenth of Net Profits from Insurance paid to the Charitable Funds of the Fire Departments of San Francisco and other Cities.

This Company takes RISKS against Loss or Damage by FIRE, upon all kinds of Insurable Property, on as favorable terms as any other responsible Company.

ALL LOSSES PAYABLE IN

UNITED STATES GOLD COIN.

CHAS. R. BOND, Secretary. S. H. PARKER, President.

W. H. PATTERSON, Attorney. M. LYNCH, Vice-President.

THE HOSE AND HYDRANT

FROM LANGLEY'S SAN FRANCISCO DIRECTORY FOR 1864-65. THIS DESIGN APPEARED ON THE COMPANY'S EARLY "HOUSE MARK."

holder that renewed a policy, with 10 per cent of the premium, to be deducted from the next premium paid. Of this company George S. Mann was president and William Holdredge vice president.

The Home Mutual in 1892 was bought by the Fireman's Fund Insurance Company and made over in 1900 into the Home Fire and Marine of California, with which title Holdredge's second company continues to do business under the control of his first. The captain himself had faded out of the picture, having apparently used up his insurance ideas.

S. H. Parker, who succeeded Holdredge in the presidency of the Fireman's Fund, was one of the foremost citizens of the San Francisco of that time. Michael Lynch became vice president. The legal staff of the company changed, and W. H. Patterson, afterward of the firm of Patterson, Wallace & Stow, from whose office came W. F. Herrin, became its attorney.

W. B. Bourn was made chairman of the Committee on Finance and Loans.

Giving 10 per cent of the profits to the Fire Department Charitable Fund began to look like too heavy a burden. Profits were needed for the security of the company and the protection of its policy holders. And moreover, the firemen had an erroneous notion of what constituted profits. They wished to include in that term the interest and any increment on the company's investments.

The second year there was some new business, but the volume of it was not great compared to the first returns from a virgin field, and so the 10 per cent for the Fire Department Charitable Fund shrunk badly.

The firemen directors of the company were in a very exposed position.

It became evident that an insurance business could not be conducted if the interpretation of the firemen was to prevail and their demands were to be satisfied. There was no question of evasion. It was a case of two conflicting views of a business neither party thoroughly understood. But what the business men on the board did understand was that the arrangement must be terminated or it would terminate the enterprise, and there would be no dividends nor 10 per cent for anybody.

The issue defined, it was referred to a joint committee for settlement; with the result that the whole charity division plan was eliminated and the obligation of the company commuted for a cash payment of $5,000—a quite comfortable sum of money for those days, and a goodly increase of the Fire Department's Charitable Fund. The adjustment was satisfactory to the firemen, and must have greatly relieved their representatives on the board of directors. The careful and methodical secretary, trained in a Boston bank, familiar with the whole transaction, and familiar, too, with the Volunteers and the easy-going habits, generous views, and carelessness of records of the pioneer community, drew up an iron-clad receipt, reciting the original agreement and the discharge in full of the company's obligation under it, and releasing the company from that agreement and "from any claim of any name or nature from this date on unto the end of the world."

That might have been considered a complete, air-tight protection, sufficient to discourage the most

optimistic person from basing any claim on the old arrangement. As a matter of fact, an effort was made in after years to re-assert a right to a division of the profits of the company, for hope springs eternal, but the company had no difficulty showing complete abrogation of the contract by mutual consent, and the claim was never resurrected.

So within two years of its incorporation the company was relieved of its inventive president, had bought its release from the embarrassing engagement to which he had committed it, and could settle down to legitimate underwriting on a business basis. Its position was immensely strengthened, but could be made stronger yet by the increase of its capital, and this was debated, resolved upon, and proposed to the stockholders.

At the annual meeting in April, 1865, a majority of the stockholders voted the increase from $200,000 to $500,000; and by October of that year the new capital of $300,000 was paid up and the increase duly accomplished. The Fireman's Fund Insurance Company was now going ahead, with competent business direction, no foreign entanglements nor outside partners nor mortgage on its profits, and with half a million capital. It was going smoothly, its officers and directors learning the business, and that business promising healthy growth; and within a little over six months after this improvement in outlook its president dropped dead as he was entering the Lick House, where he had made his home.

CHAPTER X

A CALIFORNIA PIONEER

PRESIDENT PARKER died on March 14, 1866. The loss to the company, not only of his competent business direction but of his prestige and influence, must have been considerable; but the Fireman's Fund was now a going concern and could run for a while on momentum.

The finance committee took charge of affairs and for the six weeks that intervened before the annual meeting the company got along without a president. The vice president, Michael Lynch, signed policies and any necessary documents, and a special committee under chairmanship of Charles Walcott Brooks was appointed to select a successor to Mr. Parker.

At the annual meeting, May 3, 1866, this committee recommended employing David Jackson Staples, a man who, knowing nothing of insurance, became one of the foremost insurance men of the country—although it would perhaps have been difficult at any stage of his career to call him an underwriter. His nomination was made by Director John Barton.

The knotty grain of old New England ran all through Staples' character. An ancestor had fought in King Philip's War. David Jackson Staples was the son

DAVID J. STAPLES
PRESIDENT, 1867-1900

of John and Dorcas Staples, and was born in Medway, Massachusetts, on May 3, 1824. Left an orphan, in Pennsylvania, at 11 years, he went to work in a cotton mill. Then he worked on a farm for his board, three months schooling and a suit of clothes a year, and in odd hours could make money on the side selling berries, and chopping wood for the church. He worked awhile for a shoemaker, and then for a machinist and locomotive builder, and followed the machinist's trade at different times in Boston, Salem, Newton and Springfield, Massachusetts.

In Newton, Staples met and married Mary Pratt Winslow, a descendant of Edward Winslow, the Pilgrim governor. When the news of California gold reached them, they decided that the husband should go west and, if successful, send for his bride. He joined a company that bought and loaded a barque and sent it around the Horn, and then set out overland. Staples was made first lieutenant of the expedition; and, being familiar with firearms, and in fact a good shot, he became its game provider.

The party left Boston on April 16, 1849. It proceeded by way of St. Louis, Independence, and part of Kansas. Five miles north of the little town of Fairbury, Nebraska, is a monument of Quincy granite, marking the old "Oregon Trail," and the burial place of George Winslow, a member of the party and brother-in-law to Staples. Embedded in the granite is a slab of red sandstone on which Staples had inscribed Winslow's epitaph.

The party forded two forks of the Platte, and went through Echo Canyon. At Salt Lake City it was well

received by Brigham Young on account of the negative merit of not having come from Missouri or Illinois, where Mormons had been persecuted. Bishop Taylor preached to them but without making a dent in their stubborn Congregationalism. They came on by way of Humboldt Sink, the Carson River, and Kit Carson's Pass, reaching Sutter's Fort on September 27—which was not bad time; nor the record. The barque had arrived, and the cargo was sold at handsome profit.

Gold mining did not appeal to Staples—too much pick-and-shovel and wheelbarrow work. But the region did. He loved the land, warmed with admiration of it, and decided that the San Joaquin Valley offered happiness if any mundane region could.

Tom Smith, an Englishman, had received from the Mexican government in 1844 a large grant of land on the Mokelumne River about four miles from the present town of Lodi. He sold it to one Laird, and Laird sold it to Staples; who had been doing a little freighting to the mines. Staples came from a different sort of country, but he reasoned that where grass and flowers grew all winter, fruit would probably do well, and if oats ripened wild on every hand the soil and climate must be good for wheat and barley; so he bought the place and went to ranching. That was in 1850. The following year he sent for his wife.

Staples operated a ferry. The locality became known as Staples' Ranch, Staples' Ferry, later Staples' Bridge. Here he ranched it for twelve years. He dealt in cattle. He was postmaster for ten years, and the first justice of the peace in San Joaquin County. The first year, he bought wheat in San Francisco and raised a bumper

crop which he sold for seed at 12½ to 18 cents a pound. That was the first seed wheat produced in the county, and as there were no threshing machines in that region it was threshed on the earthen floor of the corral by the hoofs of broncos driven about on it.

In 1851 Staples bought a pig of the fair sex, that had crossed the plains as a passenger in a wagon, paying $250 for her. She had 11 children, and in time he sold $3,000 worth of her progeny.

The country was full of game—elk, antelope, deer, quail, ducks and geese. There were lots of bears, plenty of them, an overproduction of them. They were troublesome—calf-killers. The Spanish occupants of California enjoyed the pleasing sport of pitting bears against bulls; and the bull rings at San Jose, Sacramento, and other towns made what Staples called a "good demand for bears." He devised a falling net of logs and manila rope, which so subdued the victims that Mrs. Staples could ride on the same wagon with one. There was money in bears, while they lasted.

Mrs. Staples and a Mrs. Holman established a Sunday school on the Staples ranch that grew into a day school, singing school, sewing school and library. The first year the school had to get along in a tent, but later a brick church was built, on land that Staples donated.

In those days the miners were migratory, here now and gone tomorrow, as old placers gave out and rumor reported new. Most of them had no intention of settling, and one place was as good as another as long as they were getting gold. By contrast, Staples was an established and dependable unit with a fixed plan of

industry and a stake in the land. He had taken root.

Staples spoke and voted for the state constitution in 1850, and he was among the first to call a county convention for local Republican organization. He was a delegate, with Leland Stanford, A. A. Sargent, T. P. Tracy and D. W. Cheeseman, to the Republican convention at Chicago in 1860, and cast his vote for Lincoln. The first Republican speech made in San Joaquin County was made on Staples' ranch.

Staples stumped the San Joaquin for Lincoln and Lincoln principles, and later started for Washington for the inauguration, but was delayed by an Apache outbreak on the overland stage route. He arrived too late for the ceremony, but in time to enlist in the organization of riflemen, the Cassius M. Clay Battalion, that acted as a guard for the capital when a Confederate advance was feared early in the Civil War.

The winter of 1861-62 was a bad one for snow in the mountains and high water in the valleys, and Staples' Ranch was flooded. It is probable that its owner had now outgrown the agricultural stage of his development. He removed to San Francisco, and Governor Stanford appointed him Port Warden. He was a good man to have on guard, but in 1866, Bancroft says, "Staples was displaced by Governor Low for political purposes."

Private enterprise needed Staples' rugged character, and after the death of Samuel H. Parker, Staples was drafted by the Fireman's Fund Insurance Company. He knew nothing of the underwriting business, and years afterward he said his function was not to understand insurance but to get hold of men that did.

At the annual meeting on May 3, 1866, they put W. B. Bourn, one of the largest shareholders, in the presidency and made Staples vice president for a year so he could study the business; and then put him in command.

The character of this California pioneer from Massachusetts is built solidly into the foundations of the Fireman's Fund. He was elected president on May 3, 1867, and filled that office for 33 years. During that period every other local insurance company, about 25 in all, perished or retired except the Home Mutual, which the Fireman's Fund bought and reorganized. H. H. Bancroft says that Staples saved the company from dissolution at the time of the Chicago and Boston conflagrations. Staples was vice president of the Society of California Pioneers when James Lick was its president. There was a fast friendship between the two men. During Lick's illness Staples acted as president of the Society; and his influence with Lick accomplished a great deal for it.

In 1899 illness compelled Staples' retirement as president of the Fireman's Fund, to take effect with the new year. Three months afterward, on April 3, 1900, he died. His leadership in the local underwriting field is indicated by the fact that for about 15 years, from 1876 to 1891, he was president of the Board of Fire Underwriters. His best monument is the institution he carried through 33 years of development, and into which he built his own courage, integrity, and honor.

CHAPTER XI

THE HEAD OFFICE

DURING Staples' probationary year the company was busy building its new home, of which it took possession in April, 1867. Ground had been bought in August, 1866, at the southwest corner of California and Sansome streets—40 feet on California by 80 on Sansome—cornering on the city's former water line.

The first Fireman's Fund building introduced to San Franciscans that half-and-half, or shandygaff, style of architecture which long pervaded the business district of the city—the sort of building with half-and-half basement and first floor; that miracle of doing it and not doing it, that paradox of making two ground floors by having no ground floor at all.

Although this appears on good authority to have been the first building of the type in San Francisco, the idea did not originate here. David Farquharson, the builder, imported it from St. Louis, and it had been used elsewhere in the eastern states. But half-basement buildings became, in San Francisco, as typical as "bay" windows and are now almost as scarce.

The historical review published in the city directory of that year spoke of the Fireman's Fund building as

one of the notable features of the city's progress—in fact, it was described as an "elegant, iron-fronted, three-story brick building which cost $45,000." The walls were heavy, with the brick laid up in cement mortar and reinforced with iron rods hooked together at the corners—a precaution that seems prophetic. There was also a solidly constructed sub-basement. And the whole was topped with a heavy cornice through which chimneys appeared, connected by an ornamental fence.

The working staff of the office when the company moved in consisted of D. J. Staples, vice president and manager; Charles R. Bond, secretary; Charles S. Wood, bookkeeper and cashier; Alexander S. Tibbey, clerk; and Michael Cochrane, a Mexican War veteran and a soldier in Stevenson's Regiment of New York Volunteers, who acted as porter and general utility man.

Within the directorate itself there were an executive committee and a finance committee. The executive committee attended to declaring dividends, the finance committee handled the funds, and supervised the loans and investments. Neither meddled much with the duties of the other, although the president, as chairman of the executive committee, had the benefit of the finance committee's advice, and formed a human bridge between the two.

The ground plan of the company had a communal slant. The alliance with the Fire Department was designed to make it semi-public; the directorate of fifty members, twelve of them firemen, was democratic, and the low par of the stock was intended to promote

a wide distribution and make insurance an enterprise in which the community might share.

The president's office was separated by glass doors from the main office of the company. Directors' meetings were held quarterly, in the evening, with these doors thrown wide, desks moved back, and the members standing and milling about like delegates at an old-fashioned political convention. This encouraged informal discussion and general exchange of information, which was always interesting and sometimes valuable.

After a few years, with the Chicago and Boston fires and the company's other early tribulations behind it, the annual meetings of stockholders took on a social aspect that made a delightful occasion in the year of work down town, and one that was annually repeated until the conflagration of 1906. On the day of the meeting, down town business men looked with eagerness for the long burgee of the Fireman's Fund, and saw it floating from its staff, on whatever San Francisco zephyr was blowing at the time. It was a pennant 30 feet long, in red, white and blue, with the company's monogram centered in the white stripe near the staff, and the name following in black letters.

The meeting was conducted in a rather unusual manner. Tickets were printed as for a political election. Ballots were provided, and a judge and clerks of election appointed. The polls were open for three hours, from 12 to 3 p. m. The president's office was open, the floor cleared. The stockholder could sit at a desk, look over the list of retiring directors and the candidates for the vacancies, if any, scratch, write in,

FIRST HEAD-OFFICE BUILDING OF THE FIREMAN'S FUND

SOUTHWEST CORNER OF SANSOME AND CALIFORNIA STREETS

deposit his ballot in the box, and moreover, what was rare at elections in those days, be sure his vote would be counted.

And while the election was taking place, any stockholder or friend of the company was welcomed to the president's office, where cold turkey and other refreshments were served by a caterer; with California wines, including California champagne, and if the case seemed to require it because of the exertions of the day there might even be bottles of something harder in the recesses of the presidential desk—all in addition to the best product of Havana.

Here the president received the stockholders and friends of the company. Here they stood about and congratulated the institution on another year of growth, and discussed its prospects; and the genial Staples on that day made business seem a peculiarly intimate and friendly matter, in a city where good living and good fellowship have always gone hand in hand. This fine old custom lasted under Staples' successor and down to the time when the disaster of 1906 wrecked the company, and ended so many practices native to the city.

CHAPTER XII

LOOKING SEAWARD

IT was apparent that San Francisco had a destiny on the sea. City and bay had become something more than the objective of the Argonauts and an *entrepot* for gold diggers. There was to be trade with the South Seas; commerce with China and Japan, and Central and South America; much business in wheat for the United Kingdom; all flowing through the port. There was some coast whaling that was based on San Francisco. Alaska was taken over in 1867. Marine insurance began to loom up.

In April, 1866, the legislature enacted a law providing for the expansion of the business of California fire insurance companies to include marine underwriting if any elected to take advantage of the act. And on December 10, 1866, the directors of the Fireman's Fund passed a resolution whereby the company formally adopted the provisions of the statute.

At the stockholders' meeting in May, 1867, when D. J. Staples was elected president, Henry Dutton was made vice president, and a special committee was appointed to examine the prospects of profit in the marine insurance business. The committee consisted of Charles Walcott Brooks, shipping and commission

merchant; Captain Gardner T. Lawton, former sailing master; and Captain Cory Willisstun, an old-time whaler, then in the shipping and forwarding business. They reported to a called meeting on May 21, favoring the project.

The meeting adopted the committee's report, and the company declared its intention of entering the marine underwriting field, filing its certificate on August 2, 1867. Henry Dutton's son, William J. Dutton, just out of college and working at a small wage in another office, was offered the position of marine clerk, which he accepted with proper eagerness and some anxiety.

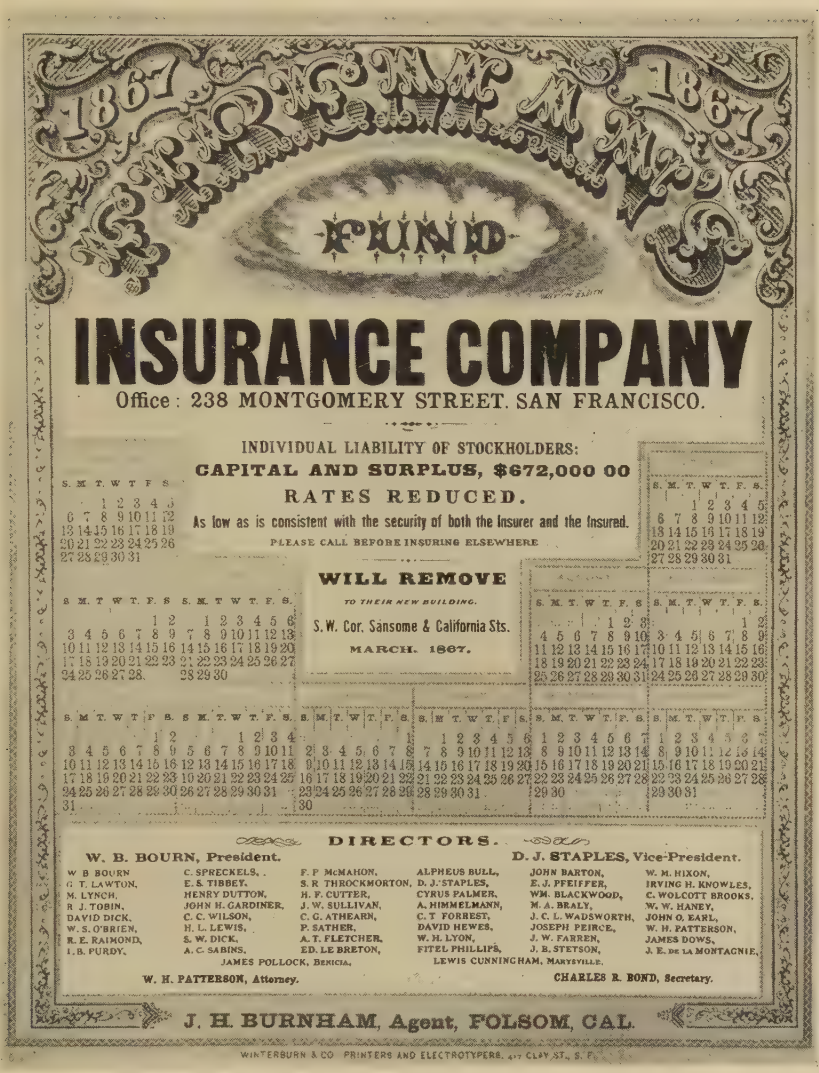
Marine insurance was still being placed largely or almost entirely by shippers and vessel owners in the Atlantic States and Europe. There was little local experience of this branch of underwriting. But President Staples had a broad view of it. He asked Dutton: "What do you know about marine insurance?" To which the younger man replied, "Nothing whatever." "Well," said Staples, "you know just as much about it as I do. Now if I take you on there is only one piece of advice I want to give you. You will no doubt make mistakes, but try not to make the same mistake twice." So Dutton borrowed a text-book on average, got hold of a marine policy and looked it over, formulated some accounting methods to keep the run of operations, and found himself a marine underwriter.

The Fireman's Fund entered the marine business toward the end of the clipper ship era—sufficiently described by Morison, Anthony, and Captain Arthur H. Clark to need no review here. That era ended, according to Clark, with the opening of the Suez Canal

in 1869. The California trade had improved the clipper type, and in modified form that type persisted. Grain shipments from San Francisco were heavy. Moreover, whaling was recovering from the ravages of the Civil War, and coastal business was rapidly developing.

Settlement of marine losses was not treated like adjustment of losses by fire, but ordinarily went into the hands of professionals known as "average adjusters," men versed in the practices of the sea, the conditions of marine transportation, and the maritime laws of the nations. Being a seaport, San Francisco had necessarily developed or attracted such adjusters. One was C. V. S. Gibbs, of the Board of Underwriters of New York, who had an office on Front street. Another was Thomas N. Cazneau, an Irishman from New Orleans, who designated himself in the French style a *dispacheur*. He had an office on Sansome street, where his sign, in the form of an anchor as big as the bower of a man-o'-war, was one of the landmarks of the district.

Locally the business of marine insurance was in a formative stage. Gustave Touchard was secretary of the California Lloyds, and he had a French training in adjustment. Caspar T. Hopkins was running the California Insurance Company's marine business on American lines; and there were the officers and directors of the Merchants' Mutual Marine doing business in what might be called a San Francisco manner: which was, the best they could on what knowledge they had. There were three or four British marine offices. The representatives of these various companies formulated a tariff, but it did not last. Owing to foreign competition



AN EARLY CALENDAR

and other peculiarities of the business there is today, broadly speaking, no tariff in marine. And in those far-off days, in spite of the temporary tariff there was no uniform way of doing things, and there were no hard-and-fast methods of adjustment.

The company's first marine cargo policy was issued to Goldsmith Brothers on merchandise to the extent of $1,000, by steamer *Active*, San Francisco to Portland, Oregon. Goldsmith Brothers were assayers, and importers of assayers' materials. One of them, Bernard, lived at Portland and carried on the business at that end. Another, Anson, had his San Francisco address at the fire engine house of Monumental Engine Company No. 6, and probably had placed the insurance. Although the Fireman's Fund Insurance Company no longer had any connection with the Fire Department Charitable Fund, relations must still have been amicable.

The first whaling risk of the Fireman's Fund was instructive. It was a total loss, except for one small bit of salvage. The old barque *Massachusetts*, owned by George H. Moore of San Francisco, had finished her Arctic cruise and was doing summer whaling down the coast of Lower California when she was driven ashore at Pichilingue Bay and broken up by the storm. Right there the company began to acquire a knowledge of marine underwriting. The captain seized his spyglass, as he left his cabin, and nothing else. Returning with it to San Francisco he exhibited it as the only salvage, and Captain Willisstun of the marine committee took it in, and gave it to the marine clerk. It was kept

in the office as a souvenir of early business until the fire of 1906.

Marine underwriting was an interesting departture, and helped expand the vision of directors and officers. The marine clerk had the advice and backing of the marine committee, and in 1869 became marine secretary, while the fire insurance was attended to by others in the office. Captain Willisstun was made the company's marine surveyor.

Broad and progressive policy marked the operations of the company in this field. Two illustrations will indicate its spirit and its methods.

One was the case of a well-known vessel owner, Captain Samuel Blair, one of whose ships had encountered heavy weather, carried away some of her sails and sprung her butts, and limped into port in bad condition. He was insured in the Fireman's Fund, and the marine secretary said to him:

"Well, Sam, put the vessel in first class shape, get the bills together, and take them down to C. V. S. Gibbs. Have him make an adjustment and we'll see how much I owe you."

"Look here, Billy," said the owner. "Here's a record of the bills I have paid. Now I'll tell you what let's do." He drew a finger down the middle of the sheet. "Half for you and half for me. It always comes out that way."

And the marine secretary said, "All right, Sam. Sold!"

Expenses of adjustment, costs of surveys and inspection, time out for such work, were all saved, and the customer had his money down instead of waiting

months. That man's future business could not be pried away from the Fireman's Fund. It was a typical San Francisco deal, easy, open-handed, done in mutual confidence. It saved money for both sides and helped build a sound business foundation.

The other illustration involves more knowledge of the sea, of climatology, physical geography, and the habits of sailormen.

Nantucket, New Bedford, Martha's Vineyard and maritime Massachusetts generally long remembered the fall of 1871. Forty whaleships had entered the Arctic through Bering Strait in the summer of that year, bound for Point Barrow. They skirted the Alaskan coast through a narrow channel of open water, playing hob with the whales and laying in prospective fortunes for owners and masters; and perhaps fair returns for the men.

Thirty-two of these whalers concentrated near Point Belcher. One had turned toward Siberia, and seven others had lingered in a place of comparative safety. On August 11 the wind shifted and the new ice began closing in, but it grounded, and notwithstanding warnings from the Eskimos the 32 ships stayed on at the harvest of oil and bone. On August 29 the wind drifted the ice toward them again, this time in an unhalting, irresistible movement. On September 2 a barque was ground to pieces. A few days later another followed. On September 14 all souls aboard, including families of several of the masters, a company of 1200 men, women and children, in more than 200 whaleboats, abandoned the doomed vessels and made their way to the seven that had stopped 80 miles behind and

were still in position to retreat. Some of these people reached the Hawaiian Islands and some San Francisco; but the vessels were all lost but one, which was found intact the following year.

Nantucket does not shudder easily, but that time she shuddered. Several whaling companies failed, and the rest were sick of the whaling business, and insurance men were afraid to touch it. Atlantic coast companies pretty generally declined to insure any more whalers, unless exempted from liability "for loss or damage occasioned by ice," which nullified the value of the policies to most of them. And that added to the embarrassments of the whaleship owners. Without real insurance they hated to go on, but had nothing else to do.

Little of this insurance had been written at San Francisco. The Fireman's Fund had one vessel in the lot, and some reinsurance on another. It was not a serious matter, but it served to call attention to the troubles of that sort of business. Whalemen were now begging for insurance and couldn't get it. They were willing to place it in San Francisco or anywhere else.

Captain Willisstun knew whaling and whalers, and he knew the Arctic. He was on the Fireman's Fund marine committee. He discussed the situation with the marine secretary, and his diagnosis was:

"They wanted a full load of oil, and stayed too long and followed the whales too far; and when the season had ended they couldn't get out. If we could find some way to make those fellows come out before the new ice forms, the business would be safe enough."

Fireman's Fund Insurance Co.

OF THE CITY OF SAN FRANCISCO.

No. 1 $1200

STOCK POLICY. CAPITAL. $200,000.

IN THIS POLICY OF INSURANCE,

In Consideration of Twelve Dollars,

To them paid by the Insured hereinafter named, the receipt whereof is hereby acknowledged,

Do Insure Walter Hanchett

Against Loss or Damage by Fire, to the Amount of

One thousand dollars

on the one undivided half part of One thousand five-gallon Kegs of Boston Syrup, owned by Williams Bennett and said Hanchett, stored in a building known as the "Union Warehouse," situated on Battery Street corner of Union Street.

And the said Company, for the consideration aforesaid, do hereby promise and agree to make good unto the said assured, his executors, administrators, or assigns, all such immediate loss or damage, not exceeding in amount the sum insured, as shall happen by fire to the property, as above specified, from the 18th day of March, 1865, to the 18th day of March, 1866, one thousand eight hundred and sixty-five (at 12 o'clock at noon); unto the said loss or damage to be estimated according to the true and actual cash value of the property, at the time the same shall happen, and to be paid within sixty days after due notice and proof thereof made by the assured and received at this office, in conformity with the conditions annexed to this Policy; unless the property be replaced, or the Company have given notice of its intention to rebuild, or repair the damaged premises. Provided, always, and it is hereby declared, that this Company shall not be liable to make good any loss or damage by fire which may happen or take place by reason of invasion, insurrection, riot, or civil commotion, or of any military or usurped power, or any loss by theft at or after a fire, or for any loss or damage that may occur from the explosion of a steam boiler, gunpowder, or any other explosive substance, except only such loss as shall result from fire that may ensue therefrom, nor shall the Company be liable for any loss or damage to steam gas and water pipes in buildings, unless the same are separately and specifically insured. And provided further, that in case the said insured shall have already procured, or shall hereafter procure, any other insurance, or instrument purporting to be a policy of insurance against loss by fire, on the property, or any part thereof, hereby insured, not ~~specified in the memorandum, and endorsed by or on behalf of~~ upon this Policy, ~~the Company shall be relieved of an equal~~ and if any other insurance or instrument purporting to be a policy of insurance against loss by fire, upon the property, or any part thereof, hereby insured, exists (whether such instrument be valid and binding as a contract of insurance upon the parties thereto, or either of them, or not), whether prior or subsequent to the date of this Policy the said assured shall not, in case of loss or damage be entitled to demand or recover of the Company any greater proportion of the loss or damage sustained than the amount hereby insured shall bear to the whole amount so insured, or purporting to be insured, on the said property. And it is agreed and declared, to be the true intent and meaning of the parties hereto that in case the above mentioned premises shall at any time after the making of this Policy and during the time it would otherwise continue in force, be appropriated, applied, used, or occupied, to or for the purpose of carrying on or exercising therein any trade, business, or vocation, denominated hazardous, or extra hazardous, or specified in the memorandum of special hazards, in the terms and conditions annexed to this Policy, or for storing, using, or vending therein, any of the articles, goods or merchandize, in the terms and conditions aforesaid denominated hazardous, extra hazardous, or included in the aforesaid memorandum of special hazards, unless herein otherwise specially provided for, or hereafter agreed to by this Company, in writing, to be added to or indorsed upon this Policy, then, and from thenceforth, so long as the same shall be so appropriated, applied, used, or occupied, these presents shall cease, and be of no force or effect. And it is moreover agreed and declared, that this insurance is not intended to apply to or cover any books of account, written securities, deeds, or other evidences of title to lands, nor bonds, bills, notes, or other evidences of debt, nor to money or bullion; and that owned, cultivation, engravings, jewelry, watches, models, musical and scientific instruments, paintings, ornamental or fresco work or walls or buildings, patterns, plate, precious stones, maps, prints, sculptures and statuary unless the keeping is especially provided for in this Policy, otherwise null and void, and that this Policy is made and accepted, with reference to the application or survey filed in this office and to the terms and conditions hereunto annexed, which are to be used and resorted to in order to explain the rights and obligations of the parties hereto, in all cases not herein otherwise specially provided for. This insurance (the risk not being changed) may be continued for each further term as shall be agreed on, provided the premium therefor is paid, and indorsed on the Policy, or a receipt given therefor. The interest of the insured in this Policy is not assignable, unless by consent of the Company, manifested in writing, and in case of any transfer or termination of the interest of the insured in the property, either by sale or otherwise, without such consent, this Policy shall from thenceforth be void and of no effect. Provided, always, and this Policy of Insurance is granted on the express condition and agreement with the said assured, who for himself, his heirs and assigns, by accepting the same as a part of this contract of indemnity; that the capital stock of two hundred thousand dollars, and the stock funds, and securities of the said Fireman's Fund Insurance Company, remaining at the time of any claim or demand made, unapplied and inapplicable to prior claims and demands, shall alone be liable to answer and make good all claims and demands upon the said Fireman's Fund Insurance Company, under or by virtue, or in respect of this Policy, and all other Policies effected with or granted by the said Fireman's Fund Insurance Company, and that no Director, officer, or stockholder, for his or her heirs, executors, administrators, or assigns, shall be by reason of this Policy, or of the whole Policies of Insurance together, which have been or may be signed by any person or persons duly authorized, acting for or on behalf of the Fireman's Fund Insurance Company, in any wise, individually or personally, liable or subject to any claims or demands against the Fireman's Fund Insurance Company, beyond the amount of the unpaid part of his or her particular share or shares in the said capital stock of two hundred thousand dollars, or upon such as amount as may have been paid in and possessed by the Company at the time, date, and execution of this Policy.

IN WITNESS WHEREOF, the FIREMAN'S FUND INSURANCE COMPANY have caused these presents to be signed by their President and Secretary, at the City and County of San Francisco, and State of California.

Chas. R. Story Secretary. Wm. Holdredge President.

THE FIRST POLICY

A clause was composed for insertion in the whaling policy reading:

> Warranted to be south of the latitude of St. Paul's Island September 15, and this Company shall not be responsible for any loss or damage occurring north of that latitude and later than that date.

Under this restriction, which all concerned recognized as reasonable, the company felt safe to proceed. The effect was magical. It brought in most of the whaling business, it made fast friends of all the whalemen. They admired the company's courage, and boasted of being its customers. They had been begging insurance without avail. Now they could get it by consenting to a reasonable limitation, which the disaster of '71 inclined them to observe anyhow.

The company took a moderate line on every vessel applying, and for about two years its competitors watched to see how it would come out. The premium rate was 16 per cent, at which price customers stood on the doorstep and begged for it, and the company did not make a loss. Other companies suggested that the Fireman's Fund take more and give them a share through reinsurance, and that was good and acceptable business, too. Finally Massachusetts companies got their second wind and began complaining of the rate, which they called outrageous, but they adopted the clause and accepted the premium. Competition ultimately had its natural effect, the rate came down, and much of the business went back to the Atlantic seaboard. But San Francisco had shown them how.

Ultimately the whales became so scarce that it was necessary for the whalemen to remain in the Arctic

two or three years, and the restriction became obsolete. But it served a good purpose for the time, and was one of the methods that helped develop business.

The marine business at San Francisco ran a rather even temperature, growing steadily, making money for the company, expanding its view of world business, bringing it new contacts throughout the increasing trade of the port.

The wording of policies followed the forms in use by the Board of Marine Underwriters, of which Gustave Touchard, of the Union Insurance Company, successor to the California Lloyds, was president, and Caspar T. Hopkins, the then secretary (later president) of the California Insurance Company, was secretary; two remarkably efficient men, to whom jointly San Francisco is indebted for much that is good in its marine practices.

The system of bookkeeping varied materially in different offices and agencies, and the Fireman's Fund practically adopted the method followed by the Merchants' Mutual Marine Insurance Company, with which it was somewhat closely related through a number of common directors and stockholders.

Open Policy No. 1 was issued to the Pacific Insurance Company. The first cargo policy was the one issued to Goldsmith Brothers, for $1,000, at one per cent, per *S. S. Active*, from San Francisco to Portland, Oregon. The first hull policies written were issued the same day to the California Insurance Company; each covering $5,000 on the barques *Oakland* and *Vidette*, both the property of Dr. Samuel Merritt, one of the directors of the California.

At this period the port of San Francisco was rather busy. California was approaching the height of its wheat production. Vessels arrived with cargoes of sugar from the East Indies or South America or Hawaii, coal from Australia, teas and other oriental merchandise from China and Japan, coal and iron from England, general merchandise from New York and Boston, marble from Italy, wine and preserved fruits from the Mediterranean. After discharging their cargoes they studded the west side of the bay with a large array of deep-sea vessels awaiting an opportunity to come to the wharves and load with grain arriving from the upper Sacramento and San Joaquin by steamer and barge, destined to feed the hungry of Europe.

Back in the Sixties a telegraph line was planned to the western point of Alaska, thence to cross Bering Strait by cable, and from Siberia on to St. Petersburg and Europe. The barque *Czarovitch* and the ship *Nightingale* were used in this (uncompleted) work, and the latter on her return took grain to Europe, while the former remained in the service of the American Russian Commercial Company, bringing down a cargo of ice every fall to San Francisco for its winter use. Incidentally it brought down furs collected by various traders, and this part of its cargo was the most important. The fur business grew into a sort of recrudescence of the old Northwest trade of the "Boston men." Schooners started in the spring on trading voyages to the North. The insurance upon the catch became far more actively sought than the oil and bone of the whales.

The result of the business was profitable to under-

writers as well as owners. Losses were light and premiums reached a handsome aggregate, even though the values placed upon the pelts at that time were but a fraction of what would now be regarded as a low price. Fur seals were valued in the contract at $4.00 and sea otters at $20.00 each. Fox skins carried a modest value, and mink was in the one-dollar class.

As both the fire and marine business increased it became necessary for Mr. Dutton to devote more time to the general supervision of the company's affairs and to be relieved of the immediate supervision of the marine business. Consequently in 1885 Nathaniel T. James, an Annapolis Naval Academy man, who had been a clerk in the marine department for the year previous, was elected marine secretary.

In 1888 James resigned to become president of another company, leaving the marine department without a secretary until 1890.

The Fireman's Fund was served in succession by two notable marine surveyors after the death of Captain Cory Willisstun in July, 1880. Willisstun was succeeded by Captain James H. Bruce, who was chief marine surveyor of the company for 23 years, retiring in 1903. Captain Bruce was succeeded by Captain Louis H. Turner, who retired in 1922.

Captain Turner had no successor as marine surveyor for the company, in a technical sense. By the time of his retirement, shipping had changed, the sailing vessel had almost disappeared, the day of wooden hulls was over, navigation had grown more technical and steamships more mechanical, and even stevedoring was a different art.

CHAPTER XIII

HOME INFLUENCES

GENERAL JOSHUA P. HAVEN'S "Board of Fire Underwriters' Association" had passed away by 1861, and had been succeeded by the "San Francisco Board of Fire Underwriters."

About the first thing this organization did was to agree to donate $600 a quarter to the Fire Department Charitable Fund, in return for which the firemen agreed to oppose their political influence to any schemes of hostile legislation that might be concocted against the insurance companies. The donation may also be regarded as a forerunner of Captain Holdredge's plan for a company making a yearly contribution of ten per cent of its profits to the charitable fund of the department.

When the Fireman's Fund entered the picture it found this board in existence, with its tariff. Rates were but indifferently maintained, and there was a good deal of shopping for bargains in coverage, but at least there was a tariff, something to stand by as a matter of business security, if you wanted to stand by it.

In 1865 appeared "Rates Revised and Adopted by the San Francisco Board of Fire Underwriters." A glance at the minimum rates for San Francisco will tell

any underwriter a good deal about the condition of the city during the early years of the Fireman's Fund. Nine buildings had been specially rated. A first-class building, brick or stone, was defined as: "Roof brick, gravel, cement, slate or metal: all openings protected by iron covers or shutters: cornices of brick, stone or metal, front and rear: fire walls extending two feet above the roof: walls in accordance with the city ordinance." The rate thereon was 75 cents and on contents 100 cents.

There were a good many iron buildings, which had been "brought around the Horn," coming "knocked down" in clipper ships by way of Cape Horn as the conditions of those times made necessary; and though they were supposed to be more or less fire-proof, at least as to exposures, the rate charged, $1.50, was twice first-class, and 25 cents was added if within twenty-five feet of a frame. Brick dwellings, of which there were few, were rated at 75 cents, with 25 cents added if within thirty-five feet of wood. Frame dwellings were rated from $1.00 to $2.50 and the same for household furniture. Fifty cents was added if the dwelling was "cotton lined in part or in whole."

Frame buildings were rated from $1.50 for 100 feet detached, to $5.00 with eight stores in a block, with the same rates on contents. "All under ten feet considered as adjoining." Among the "extra hazards" were "daguerrean galleries." Gasoline does not appear—they used hay instead, which was a special hazard, rated at $5.00 additional. Saw mills, wood, steam power, were rated at $9.00 additional; brick, steam power, $4.50 additional.

Planing and turning mills and sash and blind manufactories were rated the same as saw mills.

Perhaps encouraged by the first year's apparent profits of the Fireman's Fund there was an outburst of new companies. This developed a competition bad for the tariff.

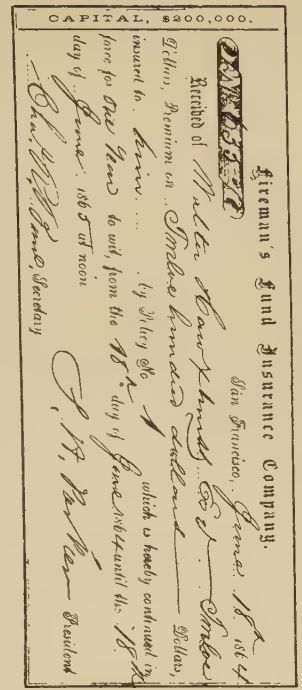
Wild ideas and practices in the local insurance field, impairing security, lowering the service by making underwriting a form of cut-throat gambling, and discouraging legitimate and dependable business, demanded regulation by some impartial authority, and in 1868 resulted in the passage of a law creating the office of Insurance Commissioner and requiring all companies organized under the laws of California as well as all foreign companies doing a local insurance business, to file annual statements with the commissioner and get his license to do business. The act was passed March 26, 1868. Before that the state controller had a certain amount of authority over the securities of the insurance companies; but one of the first acts of the newly created commissioner, Mr. G. W. Mowe, was to order companies doing business in the state to have a paid-up capital of at least $100,000.

Mr. Mowe was a competent official. He had been agent for the Pacific Insurance Company at Sacramento, and was familiar with the business as then conducted. He soon moved his office to San Francisco, and ultimately into the Fireman's Fund building. The law provided modestly for it, the commissioner receiving $250 a month, clerk $150, office rent $75, general expenses not to exceed $500 a year, to be provided from

fees; a small beginning for the present large and important establishment. Mowe worked to promote harmony in the business and to eradicate abuses.

There were then 21 companies doing business in California, 11 of them local. The retirement of the German and the Builders' reduced the local number to nine, of which but three, the Fireman's Fund, the Home, and the California, have survived.

Insurance in its earlier days was necessarily experimental as far as rates were concerned, but it was soon apparent to the 19 companies remaining in business in California after the establishment of the office of insurance commissioner, that insuring must be differentiated from gambling, and put on a more secure basis, not merely for its own protection but for that of the policy holders and of business in general, so they signed an agreement barring rebates and secret commissions and pledging themselves to maintain rates, and a rate book appeared, which seems to have been abandoned pretty early in favor of a three-year rate-cutting spree. In that war, as in others, the Fireman's Fund played its part. And the *Coast Review* once said of it: "So far as we have been able to learn, the Fireman's Fund is the only company that ever included among its liabilities a 'volunteer reserve to off-set cut-rates during a rate war.' "



CAPITAL, $200,000.

Fireman's Fund Insurance Company.

San Francisco, ... 186 4

Received of ..... Dollars,

Premium on ..... for one Year ..... which is hereby continued in force for One Year to wit, from the ..... day of ..... 186 5 at noon.

..... Secretary. ..... President.

All Insurance for less than one year will be charged Short Rates, as per this Table. Where the rate is 40 cents per annum, the rate per month would be 8 cents, 2 months, 12 cents 3 months, 16 cents, &c. Fractional part of a month is to be charged with the full month's premium.

TABLE OF SHORT RATES PER $100 FOR PERIODS SHORT OF A YEAR.

Amount of Premium.	1 Month.	2 Months.	3 Months.	4 Months.	5 Months.	6 Months.	7 Months.	8 Months.	9 Months.	10 Months.	11 Months.
cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
40	8	12	16	20	24	28	32	36	40	43	47
45	9	13	18	22	27	31	36	40	45	49	54
50	10	15	20	25	30	35	40	45	50	55	60
55	11	17	22	27	33	38	43	49	54	59	65
60	12	18	24	30	36	42	47	54	60	65	71
70	14	21	28	35	42	49	56	63	70	77	84
75	15	22	30	37	45	52	60	67	75	82	90
80	16	24	32	40	48	56	64	72	80	88	96
90	18	27	36	45	54	63	72	81	90	99	108
100	20	30	40	50	60	70	80	90	100	110	120
110	22	33	44	55	66	77	88	99	110	121	132
120	24	36	48	60	72	84	96	108	120	132	144
125	25	37	50	62	75	87	100	112	125	137	150
130	26	39	52	65	78	91	104	117	130	143	156
140	28	42	56	70	84	98	112	126	140	154	168
150	30	45	60	75	90	105	120	135	150	165	180
160	32	48	64	80	96	112	128	144	160	176	192
170	34	51	68	85	102	119	136	153	170	187	204
175	35	52	70	87	105	122	140	157	175	192	210
180	36	54	72	90	108	126	144	162	180	198	216
190	38	57	76	95	114	133	152	171	190	209	228
200	40	60	80	100	120	140	160	180	200	220	240
210	42	63	84	105	126	147	168	189	210	231	252
220	44	66	88	110	132	154	176	198	220	242	264
225	45	67	90	112	135	157	180	202	225	247	270
230	46	69	92	115	138	161	184	207	230	253	276
240	48	72	96	120	144	168	192	216	240	264	288

No. 1

Walter Hawthorn

Premises Union Warehouse

Date June 18 1863

Expires June 18 1864

FIREMAN'S FUND Insurance Company.

Office, Nos. 1, 2 and 3 Government Block.

Cor Washington and Sansome Streets.

SAN FRANCISCO.

Capital $200,000.

TO BE INCREASED TO

$500,000.

$1200 Premium, $ 12, —

Policy,

Survey,

Stamps, 1.75

$13.75

Register Folio

TOWNE & BACON, Printers.

FIREMAN'S FUND INSURANCE CO.

OF THE CITY OF SAN FRANCISCO

Office, Nos. 1, 2 and 3 Government Block,

N W Cor Washington and Sansome Sts

Capital $200,000, to be increased to $500,000.

The Company insures dwellings, stores and other buildings, goods, wares, and merchandise, furniture, machinery, mortgages, interests, leases, and rents. Vessels in port and the cargoes, and all kinds of property, against loss or damage by fire, on the most reasonable terms, and will promptly adjust all losses.

DIRECTORS.

BACON, JACOB ..... Towne & B., Book & Job Printers, 536 Clay
BARTOL, JOHN ..... B & Bro., Paints, Salt Works, 218 Sac'to.
BRANNAN, SAMUEL ..... Pres't Accumulation Loan Co., 240 Mont'y.
BREED, DANIEL N ..... B & Chase, Grocers, cor Clay & Battery
BURNS, JOHN ..... B & Maguire, Wash ton Saloon, 618 Wash.
CARLTON, FRANK D ..... Bonnet & Co., Booksellers, 419 Montgom'y.
CAZALES, BENJAMIN ..... V Martinez & Co., Bankers, 314 Comm'l.
CONRO, E D ..... E D C & Co., Gold Age P Mills, 717 Bat.
CUTLER, R S ..... C & Co., Prop'rs How Market, 572 How.
DICK, S W ..... 210 Sacramento Street
DODGE, H L ..... D & Shaw, Wholesale Prov'ns, etc 406 Fr't.
DUTTON, HENRY ..... H D & Son, Hay, Grain, etc., 111 Steuart
FARALTY, A M ..... Wood and Coal Yard, 206 Sacramento St
FRAZIER, J J ..... Contractor and Builder 740 Mission St
GAVLEY, T F ..... Lumber Dealer and Builder, 25 Geary St.
GORDON, JOHN ..... J. G & Co., Imp. of Metals, etc., 317 Wash.
GREY, C V ..... Attorney at Law, 16 Montgomery Block
HUNTSBURGER, H M ..... Office cor Front and Broadway
HATHAWAY, C W ..... H & Co., Produce & Com'n Mer'ts, 21 Clay
HEYNEMANN, H ..... H & Co., Dry Goods, 311, 313, Californ'a.
HIMMELMANN, A ..... Money Broker & Treas 1 & O P, 631 Wash.
HITCHCOCK, C E ..... Lord & Co., Stationers, 405 Battery St.
HOLDREDGE, WM ..... President F F Ins Company
HYATT, CALEB ..... Arch & Builder, cor Market and Third.
KOHLER, F D ..... Driscoll & K., Blue W Saloon, 520 Mont.
LINDENBERGER, T E ..... Banker & L., Plumbing, 411, 413, 415 Front
LYNCH, MICHAEL ..... Sec. S F F D & School Com., City Hall
LYON, WM H ..... L. & Co., Empire Brewery, 139 Jessie St.
MCKIBBEN, WM ..... Proprietor Eureka Iron Works Pine St.
MOORE, JOSEPH H ..... Waller & Moore, Attorneys, 1 & 2 Mont. Bl
NICHOLS, A C ..... Commission Merchant, 154 Clay Street
NORRIS, WM ..... Sec C S Nav Co., cor Front and Jackson.
PALMER, CYRUS ..... Howland & Co., Miners' Foun 247, 251 Fr't
PARKER, S H ..... P M & V. Pres. F F I Co cor Bat. & Wash.
PEIRCE, JOSEPH ..... Furniture Dealer, 415, 417, 419 Cal St
PFEIFFER, E J ..... Druggist, N W cor Dupont and Post Sts.
RAYMOND, R E ..... Shipping & Forward'g Merch's, 519 Front
RODDY, J W ..... Coffey & R Boiler Mak., Bush & Market.
RUCKWELL, W H ..... R., Low & Co., Hardware, Bat'y & Pine.
RUTHERFORD, T L ..... Grosh & R., Com'l M Mills, 143, 145 Front
SAGE, LAWIS P ..... Warehouse, cor Battery and Union Sts
SCANDRETT, DAVID ..... Chief Engineer S F F D, City Hall
SHORT, JOHN, SR ..... Sheriff's Office, City Hall
SHUTWELL, J M ..... Cashier Alsop & Co., 411 and 413 Californ'a.
STOUT, ARTHUR B ..... Physician & Agt Int Life I Co 832 Wash.
STRATMAN, JOHN ..... News Agent, cor. Washington & Sansome.
WADSWORTH, J C ..... Sec O & Cust H Co., Mont'y & Jack
WALLER, R H ..... W & Moore, Attorneys, 1 & 2 Mont. Blk.
WOOD, SAMUEL A ..... Importer Boots and Shoes, 212 California
WORN, G A ..... Real Estate Agent, 519 Montgomery St.

WM. HOLDREDGE ..... President.
S. H. PARKER ..... Vice President.
WILLIAM FELL ..... Secretary.
WALLER & MOORE and C. V. GREY ..... Attorneys
W. HOLDREDGE ..... Surveyor.

POLICY NO. 1, REVERSE, WITH RENEWAL

CHAPTER XIV

REACHING OUT—THE EASTERN DEPARTMENT

D. J. STAPLES had studied the operations of the Fireman's Fund for a year, and as soon as he took the presidential chair the company began to feel his guidance. The business had begun to show a material increase by 1868, although it was still confined, practically speaking, to California. Expansion had been going on through the appointment of local agents at Sacramento, Stockton, Folsom and one or two other places. Such appointments were the modest beginnings of the "Agency Plant," and more about them will be found in the chapter under that title. But real broadening out occurred when President Staples went to New York and established the New York office. There he organized the firm of Skeels, Bowers & Boughton, to develop and supervise a fire business for the company in the United States east of the Rocky Mountains.

C. L. Skeels was the retiring insurance commissioner, or superintendent, of New York State, which gave him valuable knowledge of the field. Henry E. Bowers was regarded as the technical man of the trio; he was secretary of the Norwalk Insurance Company

of Connecticut, and understood the business. William De Lancey Boughton was a broker, a member of a well-known New York family, with good social connections, and was depended upon to bring in applications for insurance. The headquarters of the firm was in New York City.

A marine office was established in New York during the following year by the secretary, Charles R. Bond, who went there for the purpose. This was a joint enterprise between the Fireman's Fund, and the Union Insurance Company of San Francisco, which was to assume part of the business as a reinsurer. The Occidental Insurance Company, also of San Francisco, took part as another reinsurer, taking 20 per cent of the risks to the 40, each, of the other companies. The combination of these California concerns was called the California Insurance Union. It was put in charge of the underwriting and adjusting firm of Lawson & Walker.

James A. Lawson had been at the head of an old marine brokerage house in New York, while William Augustus Walker was a marine attorney and adjuster. Lawson's son entered the firm to do the traveling and appoint agents, and in a short time a series of agencies had been established at every important Atlantic and Gulf port from Montreal to Galveston, with settling agents in Liverpool and London.

These gentlemen conducted the eastern business in a satisfactory manner, though without much profit, until the Chicago conflagration intervened. The field was large, the company young, and its head offices were out on the rim of the continent in a city that to

many must have seemed of doubtful permanence; and that some probably thought of as inhabited by Indians, buffalo hunters, miners, gamblers, and the like.

Skeels, Bowers & Boughton, and Lawson & Walker, carried on and reported monthly to the home office. Operations were broad in scope, and the fire insurance end properly included much good-looking business on the thriving city of Chicago.

Appointing California agents from San Francisco worked pretty well as long as the personal acquaintance of the president and directors held out, but the time came when it appeared that if this sort of thing was to produce any considerable volume of business it would take the attention of a man capable of traveling the field continuously, and exercising judgment independently of the home office. What was needed, if the company was to develop on the lines of its contemporaries in the eastern states, was a general agent capable of using discertion in the selection of men.

And here enters one of the leading figures of his generation in the California insurance field: George D. Dornin. He was another pioneer of the enterprising and adaptable type.

Dornin had been San Francisco local agent, special agent, and adjuster for several American companies. Staples drafted him as traveling agent for the Fireman's Fund.

With this acquisition, progress in the home field became quite rapid, and the company soon had a large corps of agents up and down the state, several in Nevada, and agencies in Portland and Seattle.

California had been making strides in producing

and exporting grain, and the marine department began to reflect it. Marine Secretary Dutton cruised the bay and the rivers, offering insurance on the farmer's grain in transit to the exporters in the city—and selling it. Sometimes the farmer had no money to pay the premium, but gave a note to his consignee directing him to pay it.

On Puget Sound the port captain of one of the navigation companies was authorized to write insurance. Lawson & Walker were doing marine business at New York; Skeels, Bowers & Boughton were writing fire risks, and their representative at Chicago, Thomas S. Chard, was writing much business there.

Then Mrs. O'Leary's cow kicked over the lamp; an incident of milking time on the evening of October 8, 1871; an incident that might have gone forever unrecorded had it involved only Mrs. O'Leary's barn, but one that is understood to have precipitated the world's greatest conflagration, down to that date.

Blank No. 1.

ATLANTIC & PACIFIC Telegraph Company

TERMS AND CONDITIONS.

The rules of this Company require that all messages received for transmission shall be written on the message blanks of the Company, under and subject to the conditions printed thereon.

A. F. WILLMARTH, Pres.
ALFRED NELSON, Sec. & Treas. } N.Y.
E. D. L. SWEET, Gen. Manager.

OCR

Dated at New York 187[illegible]

Received at

Addressed to Thos A Chard
460 Fulton St Ck

Jimmy just heard from all right. thank God go ahead can have distributed all our agents East & west Hattie on her way to Chicago Powers will be with you Tuesday morning Regards Thos Bryant & Co

PLEASE ANSWER BY THIS LINE.

☞ THIS TELEGRAM HAS JUST BEEN RECEIVED AT THE ABOVE OFFICE WHERE ANY REPLY SHOULD BE SENT.

ENCOURAGEMENT FROM NEW YORK

CHAPTER XV

THE CHICAGO CONFLAGRATION

CHICAGO was ripe for disaster. The majestic city of today began as a "boom town." The substantial construction in vogue in the eastern states had been abandoned as too slow for the pressing needs of frontiersmen and the town lot marketeer. The objective of construction was the greatest size with the least material, and the prevailing type was at that time derisively designated the "balloon frame." At an early day the city itself had acquired the appellation of "Shantytown"; and shantytowns have a combustible temperament.

By 1871 risks had improved, but construction standards had not been elevated as they should have been. People kept horses and cows in back-yard barns, with generous provision of hay. Wooden sidewalks were common, and, through many blocks, alleys harbored inflammable trash between board fences. Down town there were wooden mansards on some otherwise resistant buildings. The cupola of the courthouse was built of wood, and was higher than a stream of water could be thrown. Generally, the city was roofed with wooden shingles. The site was flat prairie, there was no natural hydraulic head, water had to be pumped, the engine

house of the water works had a wooden roof, and there was no fire-fighting apparatus near it.

The bonfire was built. There had been several weeks of scorching drouth and the materials were bone dry. Twelve hours after the first alarm a large part of the city was dust and ashes.

At Chicago the temperature began rising and the humidity descending, generally, about ten o'clock in the evening of October 8, and the firemen, already weary from fighting a large blaze the preceding night, had more than they could do. The fire burned all night and all next day, jumped the river, burned between $150,000,000 and $200,000,000 worth of buildings —about 17,450 of them standing on some 2,024 acres of land—destroyed 250 lives, estimated, and made over 100,000 people homeless.

Insurance on the burned area of Chicago amounted, according to competent authority, to a little over $100,000,000. Of this $96,500,000 was claimed as lost. Salvage and discount amounted to $5,200,000. It is estimated that $48,000,000 remained unpaid.

The fire caused the failures of some 68 American insurance companies, out of 201 companies with policies in force for Chicago property; and 81 suspended or withdrew from business outside their own states. California was represented by five companies, of which the Pacific, People's, and Occidental failed, and the Union and the Fireman's Fund paid in full.

CHAPTER XVI

THROUGH THE FURNACE

SAN FRANCISCO was a long way from Chicago in 1871, yet on October 8 and 9 of that year the Chicago fire extended its influence across the Continental Divide and wiped out the entire capital of the Fireman's Fund. The claims against the company approached $600,000—an important sum for those days.

Directors and officers saw that they were hard hit, long before they knew the extent of the loss. The conflagration hazard had them at last.

It was the first test of the stuff of the company. Would it "survive or perish"? It is not too much to say that the business reputation of San Francisco was involved in that question.

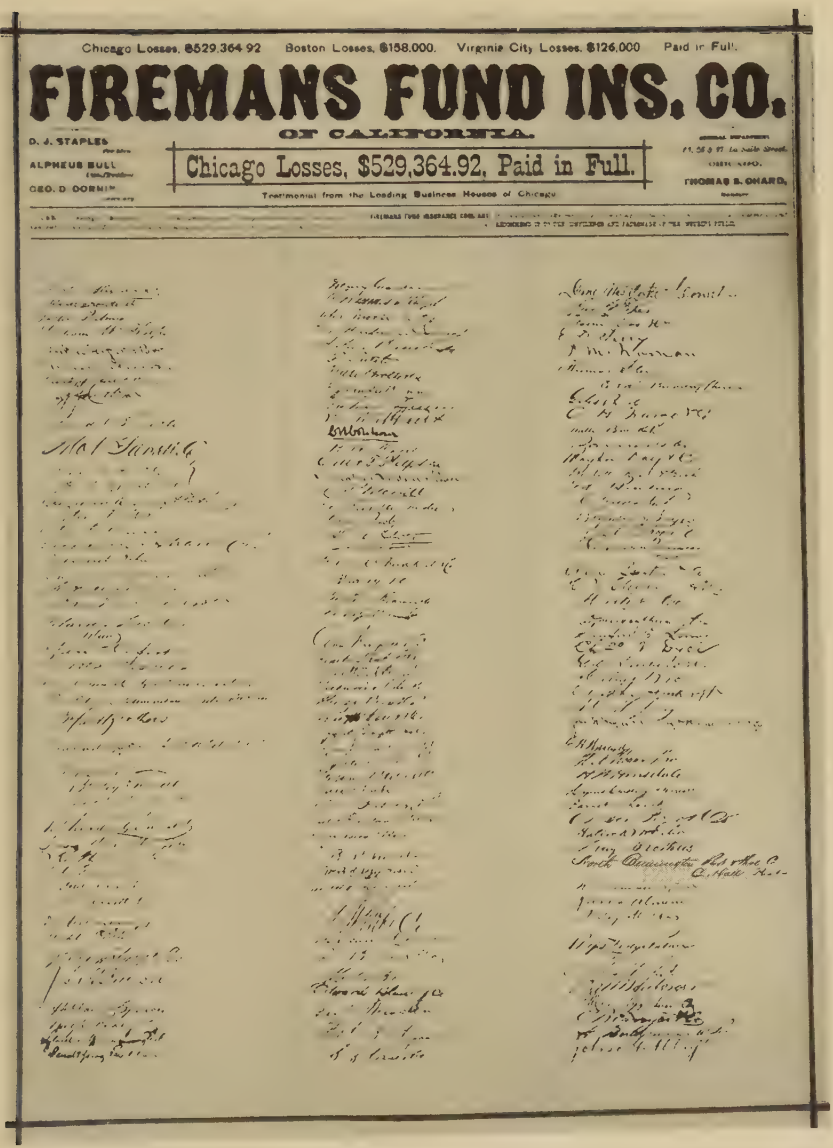
To pay the losses in full looked like ruin. But men like D. J. Staples, Henry Dutton, Alpheus Bull and Peder Sather saw that not to pay would be ruin, and of the meanest kind. If they were going down it would be better to go down with the old burgee flying. It took no act of the board to fix the principles on which the company would pay, but it did take action by the board and the stockholders later to raise the money.

Adjustment at Chicago was the most important business of the officers and directors, for if there was to be any salvaging of the company itself it could not afford to pay anything more than its obligations. Holding down settlements to what was just was work for the best men the company had, so Staples and Dornin packed their trunks and went east, to labor long months with the Chicago policy holders.

After looking over the field, after conferences with business men and with policy holders that had lost goods and stores and homes, after taking stock of his own courage and stalwart optimism, President Staples reported to the home office that the loss would exceed half a million and advised that if the company would meet its obligations promptly and in full the future lay bright before it, for it would take a high place in public confidence all over the nation; and that "*a conservative policy of business intelligently applied and vigorously prosecuted, will carry the Fireman's Fund through.*"

The Fireman's Fund was one of the companies that paid up completely after the conflagration at Chicago. Payments in full of all its losses in that disaster amounted to $529,364.92, and the entire capital was but $500,000. There had to be an assessment to yield $250,000, and it was forthcoming with creditable promptness. Within 60 days every loss was paid and all just claims were satisfied.

But the company had to shorten sail. It could no longer afford the slow processes of business building in new territory, and withdrew altogether from the southern states, a field that had been under the jurisdiction of


Chicago Losses, $529,364.92 Boston Losses, $158,000. Virginia City Losses, $126,000 Paid in Full.
FIREMANS FUND INS. CO.
OF CALIFORNIA.
D. J. STAPLES
ALPHEUS BULL
GEO. D. GORHAM
Chicago Losses, $529,364.92, Paid in Full.
Testimonial from the Leading Business Houses of Chicago
THOMAS B. CHARD,

PAID IN FULL

the New York office. The California Insurance Union at New York was terminated, and the firm of Lawson & Walker ceased writing marine policies and closed its sub-offices. It continued to represent the company as a reporting and an adjusting agency, and annually renewed the company's authority to do marine business, which was resumed in that field in 1895.

The fire burned up all the insurance companies involved that were not made of financial asbestos. It consumed all the Chicago concerns, many eastern ones, and several of the Californians. Everywhere there was a healthful subsidence of the fever to dive into fire insurance, and the adventurous tendency gave way to a disposition to leave the business to the direction of experts.

This meant in the long run greater security for policy holders and better business for the surviving companies. But for a time it was uncertain who the survivors were to be.

The Fireman's Fund had decided to survive. Many of its California competitors were gone, and a San Francisco directory of 1872 will show only the names of the California, the Fireman's Fund, the Home Mutual, and the Union, among local companies.

But it took management at home, and tactful assurance of the stockholders that the policy of survival and payment of dollar-for-dollar determined upon would result in ultimate success instead of quick and irreparable disaster. The assessment of $5 per ten-dollar share was levied October 27, 1871. Out of 50,000 shares of stock assessed against several hundred stockholders, but two small lots were sold for the assessment,

both being the property of estates involving absent heirs, which necessitated the sale.

It was but natural, however, that stockholders should call at the office to learn what they could of probable results. They came in numbers. The main question was, "If I pay this assessment, what assurance is there that it will be enough and that you won't levy another and take the roof from over my family's head?" They had seen the freeze-out game in mining operations played so often that their anxieties were justified.

It was long a critical situation despite all decisions and agreements, and the company's position was further weakened by the fact that President Staples had gone to Chicago to work with Dornin in adjusting losses. A director of the company took his station at the counter to deal with the stockholders. Unfortunately, he lacked faith. He was also a director in the Pacific; and the Pacific, which was larger than the Fireman's Fund and apparently had greater resources, was being destroyed, had been destroyed already, by an extensive reinsurance of excess risks in Chicago companies every one of which the fire had wiped out, leaving the Pacific to face the responsibility alone. It was no wonder that this director, whose name need not now be recorded, could not believe very fervently in the survival of the smaller and weaker Fireman's Fund. His tone was lugubrious, unsatisfying. He said that, of course, everyone ought to pay his assessment; but he gave little assurance against a repetition, or that the company could outlive the blast.

At this juncture Henry Dutton stepped into the breach. He was of the positive type of pioneer, the

man that had been flooded out once and burned out twice and had still managed to found a large business on industry and courage. He was made vice president, and took his station at the counter of the outer office. There he stiffened the spine of the timid stockholder instead of wilting it with doubts. When misgivings were urged he did not say "Forget it," because that irritating phrase had not attained the standing (on the sidewalk) that it now has, but he did extend the sweet assurance of financial salvation through sacrifice and honesty. The stockholders had confidence in the management and accepted its leadership. They believed—and were saved.

George D. Dornin was afterward made vice president in order that there might be an official at Chicago capable of signing notes.

The announcement that the Fireman's Fund would pay all losses promptly and in full was the turning point of its career.

Of two acts by banker directors at this torrid time history must make grateful note. Peder Sather gave the company credit for $50,000 overdraft while the assessment was being collected; and another banker director, George C. Hickox, authorized his Chicago correspondents to buy Fireman's Fund acceptances up to $50,000 at ordinary banking discount, which made the company's paper not only acceptable but desirable, and even gave it currency at the scene of trouble. At the close of the Chicago settlement, Dornin brought home a statement complimenting the company on the promptness and fairness of its adjustments and bearing the signatures of every

important Chicago claimant. We reproduce a picture of the document, which is today one of the proud adornments of the vestibule of the directors' room. An examination of the signatures will show some nationally known Chicago names.

The fourth annual report, 1872, of the California State Insurance Commissioner, reads:

The Fireman's Fund reports losses of 1871 at $711,139.80, against losses of 1870, $251,044.31—an increase of nearly 300 per cent.

From a statement made to this office, immediately after the Chicago fire, it appeared that the Company's capital of $500,000 was impaired to the extent of $275,956.49, rendering the Company insolvent under section 7 of the Act of March 26, 1868, creating the office of Insurance Commissioner, which provides that: "Whenever the liabilities of any person engaged in the insurance business, for losses reported for expenses, taxes, reinsurance of all outstanding risks, estimated at fifty per cent of the premium received on fire risks, and marine time risks, and at the entire premiums on all other marine risks, and at such rates for life, accidental and all other kinds of insurance as shall be generally accepted by the Actuaries of the states of N. Y. and Mass., would impair its capital stock already paid in to an extent exceeding 20 per cent, such person is hereby declared to be insolvent."

The company levied and collected an assessment of 50 per cent upon its capital stock, in pursuance of a notice from this office to repair its capital.

It has settled its losses on the basis of dollar-for-dollar.

It reports its affairs December 31, 1871, as follows:

Assets	$856,787.50
Liabilities	439,886.00
Showing gross surplus	416,901.70
Capital	500,000.00
Showing impairment of capital	83,098.30

The Pacific wound up its affairs, reinsured in the Liverpool and London and Globe, and settled at 50

cents on the dollar, after levying an assessment of 75 per cent, and failing to collect it.

By the following New Year's, the Fireman's Fund was able to advertise:

Fireman's Fund Insurance Company. Assets, January 1, 1872, $856,787. *Value of real estate owned,* $165,000. *Every claim growing out of the great fire in Chicago has been adjusted and paid, dollar-for-dollar, thus presenting a record second to none.*

D. J. Staples, President; Henry Dutton, Vice President; Chas. R. Bond, Secretary; George D. Dornin, General Agent; Cory Willisstun, Marine Surveyor.

CHAPTER XVII

ORDEAL BY FIRE—THE CENTRAL DEPARTMENT

THE Central Department of the Fireman's Fund grew out of the Chicago conflagration. Shortly before that event, Skeels, Bowers & Boughton had employed Thomas Goodman to write business "in the vicinity of Chicago." Goodman had organized the Lumberman's Insurance Company of Chicago; and his nephew, Thomas S. Chard, was part of his organization. Chard was soon employed to plant Fireman's Fund agencies in the West.

The Fireman's Fund having determined to live, it seemed only fair that part of its living should come out of Chicago; that it should "look for money where it was lost"; and moreover, the record it had made, the good will it had earned, the prestige and business authority that had come to it from the honest discharge of every obligation in 60 days while competitors collapsed, made Chicago a fruitful field in which to sow and harvest. It was decided to establish a Central Department with headquarters at Chicago, and Chard was made its manager on July 1, 1872—a position he filled with distinction for 28 years, retiring in 1900.

Chard opened a department office at 177 Madison street, Chicago, and a force of clerks and special agents was soon going full steam ahead. Of those days of early effort with their fiery trials he wrote in 1919:

It is nearly fifty years ago, in 1869, that I became connected with the Fireman's Fund Insurance Company as the special agent for the western states. The managers at that time were Skeels, Bowers & Boughton, with the department office in New York City.

My task was not easy. The company was almost unknown, relatively small, and came from the remote west.

Eastern and foreign companies many times larger than the Fireman's Fund fully occupied the field, and had no intention to surrender any part of their business to newcomers. We were offered in many cases what they had declined. But I held that we must have the best in order to offset with a low loss ratio the higher expense ratio resulting from our smaller income.

Through the years of 1870 and 1871 I was on the road continually, planting agencies and becoming familiar with the fire hazard of the Central West.

I was in Louisville, Kentucky, when the great Chicago fire occurred in October, 1871, and left at once for that city. As we approached Chicago the most impossible stories came of an enormous fire involving well-known landmarks miles apart in the city. As the train arrived, the reports were verified and I soon looked upon the greatest fire ruin the world had ever seen.

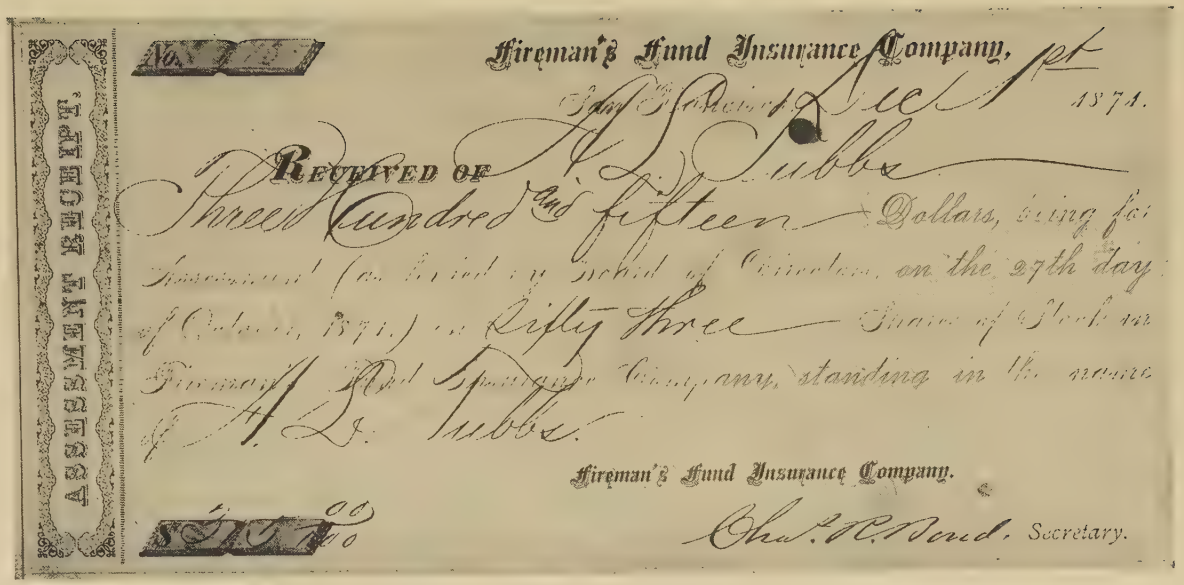
The Fireman's Fund, though involved in an amount of loss considerably exceeding its capital, paid every dollar of its obligation and thereby won great distinction.

The Chicago fire had ruined so many companies that the officers of the Fireman's Fund thought it would pay to establish a central department in Chicago and so work the field at closer range. The general agent of the company, George D. Dornin, came east, explained to me the plans, and offered me the management. I hesitated to accept, as I owed my connection with the company to the managers it was proposed to displace. However, being informed that the division of the territory was inevitable I accepted thankfully the position.

Chard's jurisdiction for the Fireman's Fund covered the field west of New York and Pennsylvania, north of the Gulf states and east of the Rocky Mountains. Skeels, Bowers & Boughton were continued in the management of Fireman's Fund business in the Middle states and New England.

On November 9 and 10, 1872, a year and one month after the Chicago fire, came the conflagration at Boston, with losses aggregating $75,000,000. It broke 32 insurance companies. The Fireman's Fund had been doing a good Boston business, and was liable, in the final adjustment, for $189,589. Dornin went east again and settled. Following Chicago, it was another heavy blow, before the company had had time to recover. The stockholders had already been assessed 50 per cent. It would work intolerable hardship on many of them to assess them again. The Boston losses were paid in full, for the company had taken its stand on the dollar-for-dollar principle, but there was question as to its ability to continue in business. It took stout-hearted men and a firm hand at the wheel to weather this storm. But on January 28, 1873, a stockholders' meeting followed good advice and voted to reorganize, reduce the capital stock to $300,000, and go on in the hope that no other city would burn until the company was on its feet again.

The decision had a curious reaction internally. In order to make a sufficient showing of financial strength to satisfy an impartial insurance commissioner, it was necessary not merely to reduce the capital stock but to re-value the assets. The secretary of the company, reared at a standing desk in a Boston bank, volunteer



SETTLING FOR A CONFLAGRATION

RECEIPT FOR ASSESSMENT ON SHAREHOLDERS ARISING OUT OF THE CHICAGO FIRE

fireman of San Francisco, member of the Committee of Vigilance and one-time assessor of the city and county, was not sufficiently elastic in method to approve these perfectly legitimate re-valuations. His was the granite soul that yields no latitude to expedience. There were the figures, definite and exact. If a piece of property was worth $10,000 when last appraised, how could it be worth $11,000 to serve some new purpose? He could not suppose it might have been conservatively undervalued, nor that its value had enhanced; because in his estimation, self-interest vitiated the new appraisal.

The officers and directors of the company, however, were determined to go ahead if they could legitimately. Without "stretching it" beyond the limit of elasticity, they could and they did find enough additional value in the company's assets to float it over the shoals. But while recognizing the secretary's scruples and honest adhesion to his figures, they felt that such characteristics better qualified him for a fiscal than an executive officer, so they put him in charge of the financial department and made George D. Dornin secretary. Dornin took office January 29, 1873. William J. Dutton was made assistant secretary with general supervision of the marine underwriting.

The Fireman's Fund was the survivor of a large number of contemporaries, and for nearly ten years it was the only Pacific Coast company that had an agency east of the Rocky Mountains.

But it seemed to the directors unwise to continue the overhead of two departments for the share of business a San Francisco company was able just then to obtain

east of the Rockies, so in 1875 the Eastern Department was consolidated with the Central Department, and the whole field (except the Southern states) was managed from Chicago by Chard, as originally it had been managed from New York by Skeels, Bowers & Boughton. Skeels & Boughton retained the New York City agency as one of a number of agencies, Bowers having left the firm to take the managership of another company.

CHAPTER XVIII

RECOVERY

THE Boston fire forced a general reorganization. When the directors of the Fireman's Fund called a meeting "to reorganize and continue in existence said corporation," the stock present or represented amounted to 40,316 shares, and it voted unanimously to continue the company's existence for the transaction of a fire and marine insurance business, and to reduce the capital stock from $500,000 divided into 50,000 shares of $10 each, to $300,000 divided into 3,000 shares of $100 each. By-laws were adopted in which the board of directors was reduced from 50 to 11. This was part of the policy of President Staples, who saw by this time that the business could hardly be conducted on the town-meeting plan. This action was taken on January 28, 1873.

Those elected to serve as directors until the next annual meeting were: Peder Sather, John O. Earl, John Barton, Alpheus Bull, William Blackwood, John H. Gardiner, George C. Hickox, Lewis Soher, Stephen W. Dick, Michael Lynch and D. J. Staples. Alpheus Bull, type of substantial citizen, was later elected vice president.

In 1873 the Fireman's Fund again looked seaward for more business, but this time westward into the Pacific. Since its beginnings, San Francisco had been closely associated with Honolulu—sent its washing there, at first, and some of its sons to be educated at the college established by New England missionaries before San Francisco had been heard of. Honolulu had been a whalemen's paradise, and a traders' *entrepot* in the days when the "Boston men" and seal skinners stopped there for supplies. It arose from the sea and lived a sea life. Evidently it would produce marine premiums.

Tom C. Grant had been in Chicago adjusting for the Pacific Insurance Company after the conflagration of 1871, and when his company perished he joined the Fireman's Fund. Dornin became secretary in place of Bond, and Grant took Dornin's place as general agent. About the first thing Grant did was to write Bishop & Company, who had been agents for the old Pacific, recommending that they take the agency of the Fireman's Fund.

The Bishop name was one to conjure with in Hawaii. Charles R. Bishop was born at Glens Falls, New York, in 1822, descending from New England ancestry. In 1846 he sailed from Newburyport, Massachusetts, for Oregon; but the Yankee brigantine *Henry*, on which he sailed, put in at Honolulu *en route*, and "the islands" enchanted Bishop, as they will any soul that is sensitive to their peace and beauty. He settled down, and married the Princess Bernice Pauahi Paki, a descendant of King Kamehameha I.

FIREMANS FUND INSURANCE COMPANY

OF CALIFORNIA.

GENTLEMEN—In recognition of the very courteous and business-like manner in which our losses by the great fire of November ninth and tenth were adjusted and settled by the officers of the FIREMANS FUND INSURANCE CO., of California, whose policies it was our good fortune to hold, we take pleasure in inviting you to use our names as references.

BOSTON, December 15, 1872.

RECOGNITION FROM BOSTON

Bishop, in partnership with W. A. Aldrich, started a bank in a little basement store near the Honolulu water front, and it grew into the leading financial institution of Hawaii. Its founder became the confidential adviser, prime minister he might have been called, to King Kamehameha V. The princess died in 1884. The Bernice Pauahi Bishop Museum is her memorial. Years later Bishop disposed of his Hawaiian interests and came to San Francisco, where he became a vice president of the Bank of California and a director of the Fireman's Fund Insurance Company.

In 1876, W. J. Dutton, then assistant secretary of the Fireman's Fund, went to the Islands to recuperate, and while resting, made an insurance map of Honolulu which became the basis of the Sanborn map of that city. And in the intervals of mapping the town, Dutton got the insurance agents together and formed a Board of Fire Underwriters.

From the comparative ease with which the Fireman's Fund was meeting its various obligations it may be inferred that instead of being permanently crippled by the conflagrations at Chicago and Boston, it had been expanding its business, growing stronger and forging ahead. It had. The business of 1874 had been good, and formed the basis of the following circular letter to the company's agents:

Fireman's Fund Insurance Co.,
San Francisco, Jan. 10, 1875.

Dear Sir:—We wait upon you with abstract of the annual report of the Fireman's Fund Insurance Company, for the 31st of December, 1874, with an epitome of the Company's business during the year just closed.

You will agree with us that it is a very gratifying record in every respect.

Each department of our business shows handsome gains in its net results, and will, we think, compare favorably with any company in the agency field.

We have avoided all effort to "force business" at the expense of safety, preferring rather the slow, steady growth from carefully digested business, so that while the aggregated premium receipts for the year show a gain of $28,000, the year closes with a *gain in net assets* of $71,111.22, after paying to stockholders $63,000 in dividends.

Nor is this last disbursement made at the sacrifice of that judicious policy which dictates the necessity of accumulating a *strong surplus*, the rent and interest earning from its necessarily large reserve fund and well invested assets amounting to $44,000 or within $19,000 of the dividends paid.

Six hundred and thirty agencies now represent the Company in 26 states and territories. We are thus enabled to secure a large premium income from fire risks, on *moderate lines judiciously distributed*, avoiding the dangers to policy holders and Company arising from a heavy concentration of risks.

We have no *fire losses unpaid* in the "Home Department," embracing California, Nevada, Oregon, Utah and Colorado; the small line of unsettled losses in our Eastern and Western Departments, and the marine losses unsettled, are in "process of adjustment" and none due.

Notwithstanding the very largely increased competition in our home field, and the "raids" of cheap companies, our premium receipts, from this Department, are fully up to those of '73, very few agencies showing a material loss of business, while at many a very gratifying increase is shown.

In our "Marine Department," which is confined to this Coast, the gross premium receipts were $143,000, against $113,000 in '73, an indication of the substantial favor in which the Company is held by the commercial community at home, and the well applied energy of those who have this important branch of the Company's business directly in charge.

The Marine loss for the year, $61,000, is gratifyingly small, considering the serious disasters generally experienced by our sister companies.

We commend to our friends a careful examination of the line of assets held by the Company; nothing of a doubtful character will be found therein; the item of "premiums in course of collection," always of questionable value in emergencies, being at its minimum: less than one month's business in its Home Department.

With this brief review, we invite for the Fireman's Fund of California your especial attention; *see that rates are well maintained*, as upon the adequacy of the rate depends largely the success of the Company, and the value of the indemnity which the assured purchases.

Trusting that 1875, which opens so auspiciously in our much favored Golden State, may prove bountiful in its prosperity to Company and agents,

Very truly, Yours,
Geo. D. Dornin, Secy.

The company met another test that year. On October 26, 1875, Virginia City burned, for the second time. The company's loss in that fire amounted to $163,984, but the only discomfort its stockholders felt was the passing of one quarterly dividend, made up by a double dividend three months later—in effect, a mere postponement.

CHAPTER XIX

BUILDING UP

THE company was now not only making money, which many individuals and corporations that cannot continue the process are able to do for brief periods, but it was expanding its agency plant and building a durable strength in its organization; and its vicissitudes were testing out the new material. During the year 1874, reviewed by Dornin's letter in the preceding chapter, it added to its staff a man that became one of the notable figures of the insurance business on the Coast; that leader in the development of adjusting theory and practice, William Sexton, familiarly known as "Uncle Bill."

Sexton was born in Nova Scotia in 1832. He had an inexhaustible fund of dry, down-east humor; the humor of the man that looks straight at his world and perceives its incongruities. Gold attracted him to California, and he came "as a sailor comes, around the Horn." And he came before the mast; arriving in San Francisco in July, 1852. He tried mining in Placer County but was soon elected to public office. At different times he was justice of the peace in Auburn, sheriff of Placer County, member of the legislature, and chief of police in San Jose. Everywhere he made friends.

EARLY FORM OF MARINE OPEN POLICY BOOK

In the legislature he became acquainted with George D. Dornin. After serving several years as chief of police at San Jose, he was offered a position with the Fireman's Fund, which needed a good man to carry on its policy of expansion by energetic field work, Dornin having been called to inside duties as secretary, after adjusting the Boston fire losses.

Sexton was made a sort of special agent, but duties were not rigidly defined in those days, and he was supposed to pervade the state and spread the insurance gospel to increase the business of his company wherever he might be. He traveled the region with tropical ardor, selecting local agents, visiting them, encouraging them, checking up on their results, adjusting losses and settling claims.

Much of Sexton's penetrating humor appeared in *The Fireman's Fund Record*, which began publication in 1880, to serve as means of communication between the home office, the departments, and the agents in the field, and to keep the public as well as the official staff informed on the nature of insurance and of its service to life and business.

The *Record* was probably the suggestion of E. W. Carpenter, who was added to the Fireman's Fund forces at San Francisco in 1875. Carpenter had been a newspaper man and local insurance agent in Helena, Montana, and was first employed by the Fireman's Fund as a home office correspondent. In 1881 he became assistant secretary; and five years later became local manager for a trio of British companies.

The *Record* had been preceded by *Insurance Items*, a small house organ which ran for perhaps two years

and then changed its name. The *Record* went everywhere there were agents and policies. And the agents generally were glad to see it.

The *Record* was joined in 1884 by the *Golden Gate*, published at Chicago by the Central Department of the Fireman's Fund, under the management of Thomas S. Chard. One or two early numbers have survived time and fires to indicate the vigor and energy of the whole organization, east and west.

The *Record* was necessarily suspended after the San Francisco earthquake and fire. It issued its April, 1906, number, and did not appear again until July, 1909. And if you consider what the company went through in the meantime, that will seem an excusable lapse.

CHAPTER XX

GROWING-GRAIN INSURANCE

TO the romance of gold "torn from the miserly crevices of the rocks," California soon added the romance of the golden grain waving on tall stems in her deep-soiled valleys. And that subject curiously touches the Fireman's Fund Insurance Company.

David J. Staples was known as "the original granger of the San Joaquin." He had grown the first seed wheat in the great valley. The clipper ships that brought passengers and freight around the Horn, at first had little to take back. But that was soon changed. Samuel Eliot Morison in his "Maritime History of Massachusetts" says:

> The California trade entered a new phase in 1855 when the Somerset-built clipper barque *Greenfield* took the first consignment of grain from San Francisco, and the Newburyport-built clipper ship *Charmer* of Boston took a full cargo of wheat to New York, receiving $28 a ton freight.

And Captain Arthur H. Clark, in his fascinating work "The Clipper Ship Era", gives this account of it:

> At this time an important development took place in the California trade. It had been found that the fertile soil of the Pacific slope could be made to yield other treasures than gold, and in May, 1855, the barque *Greenfield*, Captain Follansbee, loaded the first

consignment of wheat exported from California, consisting of 4,752 bags. She was soon followed by the *Charmer,* commanded by Captain Lucas, which loaded a full cargo of 1,400 tons of wheat for New York at $28 per ton freight. The export of wheat in sailing vessels rapidly increased, enabling ships to earn freights out and home, and this continued for many years.

At this writing the grandson of that Captain Follansbee who took the first consignment of grain from San Francisco to Liverpool, is marine secretary of the Fireman's Fund.

The Fireman's Fund was one of the first companies in the world to insure growing grain, and the first to organize the business on a systematic basis with its own forms and limits.

It is not easy to determine who invented the insurance of grain growing in the field; a phase of the business that has had great value in Pacific Coast agriculture, and, more than that, a wide effect on insurance in general.

Apparently the first field grain policy was written by Judge Buckner of San Jose, as agent for the Builders' Insurance Company, of which the redoubtable Thomas Mooney was president. Mooney would insure almost anything that would yield a premium; so his example did not mean much—especially as the policy was written in 1868, and the Builders' Insurance Company retired from the stricken field that same year.

It seems certain that America had several discoverers before Columbus; but the market was not ripe for it. Little seems to have been done in growing-grain insurance for eight years after Judge Buckner wrote his policy. It did not get on a sound business basis until

1876, but then received legitimate sanction and progressed until it became an important branch of underwriting, bringing considerable increase of premium income to established companies, and lifting from California's budding agriculture one of its principal perils.

The Fireman's Fund would like to claim priority in a development so useful to society, but the first man to start it on any considerable scale appears to have been Charles W. Dohrmann of Stockton; with William Sexton of the Fireman's Fund second. The Fireman's Fund did effective pioneering by supplying special forms of policies and grain tables, whereas it is understood that the Dohrmann policies were ordinary fire policies with riders. It was said that during the first year Dohrmann's grain business brought in $5,000 in premiums, and his losses did not exceed $500.

But William Sexton was not far behind, and was also regarded as an originator of growing-grain insurance. He worked farms for insurance when he was in the field as a "special." He soon grasped the fact that a California grain grower with a standing crop that sometimes had to stand through half a long, rainless summer was just facing ruin, and the bigger the crop the bigger the ruin.

Sexton pointed out that fact to Staples, and he did not have to urge it very insistently, for Staples had been in just that position. Early in 1876 a form of policy was drawn up to cover growing grain. There was no precedent for it, and hence no model to follow. Many of the details were worked out by E. W. Carpenter, an employe of the company. And Carpenter, alert to the

company's interests, had the policy form copyrighted.

Within a few days it was known in insurance circles that the Fireman's Fund had entered a new and an unworked field, the covering of growing grain against loss by fire. The risk was novel. The moral hazard was hard to see without experience, but certain to fluctuate with the fortunes of agriculture. Problems of salvage and adjustment were new. The proper rate was unknown. It seemed like going it blind.

It was not long before agents of the Hartford waited on the officers of the Fireman's Fund to discuss some of the clauses in the policy and possible improvements in it. They were going to insure growing crops too, and saw other angles of the business. After they had gone, it was urged that inasmuch as the policy form of the Fireman's Fund had been copyrighted, competitors could perhaps be excluded from the field by forbidding them the use of any part of it.

But President Staples was not a man to overlook the main issue in contemplation of a detail. "The Hartford," he said, "certainly has a right to insure growing crops. We can not claim a monopoly of that. If that is so, the form of the policy is a mere matter of words. What difference does it make to us whether they use our words or some of their own? If they want to insure growing grain it's a good thing for the farmer, the state, and business in general. Let them use our policy if they want it, and let's give them all the help we can. There's plenty of business for everybody."

So growing-grain insurance came into general practice. And as good things often have broad influence, it paved the way for hail insurance in the western states,

and other forms of the business. Growing-grain insurance may be regarded as a California invention just as surely as the Pelton water wheel, or the cable car, or the caterpillar tread on which were built the "tanks" used in the World War. All grew out of peculiar California needs.

CHAPTER XXI

DOWN TO THE TWENTIETH YEAR

THE year 1876, following the fire in Virginia City, the year in which the Fireman's Fund went into the newly developed business of insuring growing grain, may be regarded as marking full recovery from the conflagrations of Chicago and Boston.

True, the stockholders had been compelled to replace the capital, and the stock had been reduced, but as far as the affairs of the company were concerned they had been put on a solid basis and the institution was making money.

There was a steady growth of business with the growth of public confidence in the representative Pacific Coast company. The name Fireman's Fund was becoming familiar in the eastern states, and well informed business men recognized the company as a stable and responsible institution that had weathered the worst of financial storms.

The Fireman's Fund was then the only California company doing a general business throughout the United States. In 1879 its net premium income was $475,000.

FIREMAN'S FUND INSURANCE COMPANY
FIREMAN'S FUND INSURANCE COMPANY
ORGANIZED MAY 1ST 1863
D J STAPLES, PRESIDENT
ALPHEUS BULL, VICE PRESIDENT
PRESENTED BY THE
FIREMAN'S FUND INSURANCE CO.
South-West Corner California and Sansome Sts. San Francisco, Cal
THE LARGEST PACIFIC COAST COMPANY.
CASH ASSETS AND INCOME GREATER THAN THOSE OF ANY OTHER COMPANY ORGANIZED WEST OF NEW YORK STATE
LOSSES PAID $8,000,000
WILLIAM J. DUTTON, SECRETARY
E.W. CARPENTER, 2ND SECRETARY

From an old advertisement

HEADQUARTERS EXPANDED

And in that year, 1879, the company suffered a personal loss for which it could not be indemnified. On July 23 Henry Dutton died. He had not been on the board of directors for some years, but he never lost his interest in the institution he had helped found, and which he had guided with his counsels and strengthened with his pioneer spirit. It is not possible within this compass to trace the life of every man that has been a director of the company. But Henry Dutton was a founder, he was one of those that stepped into the breach and defended the company's credit after the Chicago conflagration, and he was the only director that left a son to become an executive officer of the Fireman's Fund.

At the annual meeting in January, 1880, these directors were elected: John O. Earl, John Barton, Alpheus Bull, William Blackwood, John H. Gardiner, John T. Wright, Lewis Soher, Stephen W. Dick, M. Lynch, Thomas S. Chard, manager of the Eastern Department, and D. J. Staples, president of the company.

By 1880, the business had grown to such dimensions that it became evident more capital could be used. The directors met on April 15, and decided to recommend to the stockholders an increase of the capital stock to three quarters of a million, divided into 7,500 shares of $100 each. The date of the stockholders' meeting was set as the 30th of June, when 2,518½ shares of stock were represented out of 3,000, and unanimously voted the increase. Whereupon the action was duly certified and the increase accomplished. Additional stock to the amount of $350,000 was put out at par, and $100,000 of the new capital was supplied by a

dividend from surplus. It was gratifying evidence of growing financial strength. To make sure of floating the added stock, Chard and Dornin went to Hartford, called the Hartford stockholders of the company together and enlisted the aid of Silas Chapman, Jr., the company's Hartford agent, to place some of the stock in that focus of insurance investment in the United States. The allotment was promptly absorbed. The Hartford *Courant* said editorially that the Fireman's Fund Insurance Company was rapidly becoming a Hartford institution. How well Chapman had succeeded appears in the fact that at the time of the San Francisco disaster practically a third of the capital stock of the company was held at Hartford.

But life is not all beer and skittles, however we may wish it were; and the following year an English company fell upon the Fireman's Fund, and with large and at the time unheard-of salaries, tempted from its staff George D. Dornin and William Sexton. Dornin never returned to the fold, but later was made Pacific Coast manager of an American company. Sexton came back, to be a member of the Fireman's Fund family until he retired in 1914. In 1909 he obtained leave of absence and resumed his tour of the world that had been interrupted by the gold fever half a century before. From 1895 to 1914, Sexton was chief adjuster.

In July, 1881, W. J. Dutton, on vacation, received a summons from President Staples to return and become secretary to the Fireman's Fund. E. W. Carpenter was made assistant secretary, and N. T. James, an Annapolis graduate with experience as a marine underwriter, became marine secretary.

Business had been steadily expanding since the recovery of the company from the disasters of '71 and '72, and the lesser loss at Virginia City in 1875, which last the company had absorbed without much difficulty. By the end of 1882, which may be regarded as its twentieth year, the Fireman's Fund had about 1,200 agencies, covering practically every state in the Union and every territory then under the flag. Gross assets were $1,322,425. The net surplus was $161,306. The surplus as to policy holders amounted to $911,305. It was announced at the time, that the total losses paid since the organization of the company exceeded $4,000,000.

This steady expansion was the more remarkable by contrast with the general conditions of the insurance business in the years just preceding. According to a statement published in the *Insurance Critic* for July, 1885:

> Of the 95 New York fire insurance companies that were in operation eight years ago, 35 found themselves unable to survive the business strain of the following seven years. Of the 76 fire and marine insurance companies of other states then transacting business in New York, 34 have withdrawn from the state and a number have retired altogether.

CHAPTER XXII

GOOD HEADWAY

IN 1881 the Fireman's Fund again entered New York, with Ogden & Katzenmayer as agents. Its operations were steadily expanding, and at the same time showing a comparatively small loss ratio. The company did the largest business on the Pacific Coast in 1884. The following year *Rough Notes*, an insurance journal published at Indianapolis, said of it:

> The Fireman's Fund Insurance Company still maintains its prestige as the largest and most progressive insurance company of the Golden State. In point of assets, premium income, net surplus, and in fact all points that go towards making the strength and reputation of a fire insurance company it stands in the front rank and leads them all. In 1880 it increased its capital from $300,000 to $750,000, and from that time its progress upwards has been marked.
>
> Not only its assets increased each year but its net surplus also—the very best test of true solvency. During the past year the assets of the company have increased over $50,000, and the net surplus $30,000, while the amount of risk has decreased over $1,000,000. The Fireman's Fund won its "golden spurs" thirteen years ago at the burning of Chicago, and is now reaping the reward.

In fact, by 1884, expanding business had made advisable an important expansion of the head office. It was ushered in by one of those incidents that are always making people exclaim, "The climate is changing."

On January 14 of that year the Fireman's Fund acquired title to the lot of land adjoining its California street frontage. The structure standing on it was remodeled to conform to the architectural style of the original building, and a mansard story was erected across both.

But in June, in the height of California's dry season, while the roof was off, came a heavy rain and it tried to come down all at once. A friendly fire department did what it could with tarpaulins, but tarpaulins are a poor understudy for tar and gravel. The flood went right to the basement. And the tenants were presented with rent receipts for that month on condition that they say no more about it—an economical "out," and good business under the circumstances.

At a meeting of stockholders on March 2, 1886, over eleven-twelfths of the stock being represented, a proposal to increase the capital of the company from $750,000 to $1,000,000 was unanimously endorsed. The right to subscription of the increase was allotted to the stockholders at $130 per share, and those that did not exercise their option had no trouble selling it for a bonus to those that wanted more. At this time about half the stockholders were residents of the eastern states and a third of the stock was owned by capitalists living on the Atlantic Slope, most of them at Hartford. Over half the business was being done in the Atlantic states. This gave the company standing and prestige and a broad basis of security against all ordinary hazards of the business such as would beset a purely local corporation. The Fireman's Fund, of San Francisco, had become a national institution.

The increase in the company's capital stock seemed to stimulate the interest of local agents, who sent in more business to meet the demands of the new capital. Their pride was aroused. They were representing a million-dollar company, and in those days a million dollars was an important capitalization.

It was toward the end of 1886, in December to be definite, that Assistant Secretary E. W. Carpenter resigned to take the general agency in San Francisco of a group of English companies, after a service of fifteen years with the Fireman's Fund. His retirement opened a way into the home office for Mr. Bernard Faymonville, who had been for four years the company's leading special agent and adjuster.

Bernard Faymonville was made assistant secretary of the company, and W. J. Dutton was made second vice president in order that there might always be an executive head on duty, the office of vice president then being an honorary one held by Alpheus Bull until his death in May, 1890. In July, Dutton was appointed vice president.

In 1888 Gustav Touchard, president of the Union Insurance Company of San Francisco, died, and N. T. James, marine secretary of the Fireman's Fund, accepted an election to succeed him. The Fireman's Fund got along without a marine secretary until it reinsured the marine business of the Anglo-Nevada Assurance Corporation.

One item of business done at this time will illustrate contemporary events. The first cruiser *Charleston* was the first vessel built by the Union Iron Works for the United States government. Her keel was laid

August 29, 1887, she was launched July 19, 1888, and completed September 24, 1889. After her launching she was insured in the Fireman's Fund for $400,000 by four policies for $100,000 each, running concurrently; loss, if any, payable to the Secretary of the Navy.

CHAPTER XXIII

THE NEW EASTERN DEPARTMENT

THE establishment of the original Eastern Department and its western branch and the subsequent concentration at Chicago, have been recorded in these pages. By 1885 the company's business east of the Rockies had attained such dimensions that it became necessary to divide it again, Chard's territory being too broad and too varied in character for any one man to handle even from a point so central. So Secretary Dutton went east in May of that year and formed a new Eastern Department, with headquarters at Boston, to cover New England, the Middle States, the District of Columbia, West Virginia, and Eastern Canada.

The new Eastern Department was put under the management of Colonel Charles Wetmore Kellogg. Kellogg had been for 12 years manager of the Western Department of the Franklin Fire of Philadelphia, had been general agent of the National Fire of Hartford, and vice president and manager of the Shoe and Leather Insurance Company of Boston. Kellogg's record promised success, which his 24 years of management for the Fireman's Fund fulfilled. His selection, and his Boston connections, are the explanation

No 235118
225295

$100.000

In Consideration of the Stipulations hereinnamed
and of Seven Hundred and Fifty *Dollars Premium*
Does Insure The Union Iron Works, *for the term of* One Year
from the Thirteenth *day of* September 1888 *at noon*
to the Thirteenth *day of* September 1889 *at noon*
AGAINST ALL DIRECT LOSS OR DAMAGE BY FIRE EXCEPT AS HEREINAFTER PROVIDED *To an amount*
not exceeding One Hundred Thousand *Dollars*
to the following described property while located and contained as described
herein and not elsewhere to wit

On the Hull and Machinery of the U. S. CRUISER No 2, and on all material to be included in same while in the yard, shops, and dock of the Union Iron Works, at the Potrero, San Francisco, California, and in the waters of the Bay adjacent thereto.

Loss if any payable to the Secretary of the Navy for the use of the United States.

OTHER CONCURRENT INSURANCE PERMITTED.

MECHANICS' RISK, PERMITTED TO COMPLETE

$ 100.000.	One Year	@ 75 ⁄	$ 750.00

Reference being made to the application of the assured on file in the office of this company.

This company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs, nor beyond the actual interest of the insured mentioned herein, and the loss or damage shall be ascertained or estimated according to such actual cash value, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality; said ascertainment or estimate shall be made by the insured and this company, or, if they differ, then by appraisers, as hereinafter provided; and the amount of loss or damage having been thus determined, the sum for which this company is liable pursuant to this policy shall be payable sixty days after due notice, ascertainment, estimate, and satisfactory proof of the loss have been received by this company in accordance with the terms of this policy. It shall be optional, however, with this company, to take all, or any part, of the articles at such ascertained or appraised value, and also to repair, rebuild, or replace the property lost or damaged, with other of like kind and quality within a reasonable time on giving notice, within thirty days after the receipt of the proof herein required, of its intention so to do; but there can be no abandonment to this company of the property described.

COVERING THE UNITED STATES CRUISER *CHARLESTON*

of the establishment of eastern department headquarters in Boston rather than New York.

The office of the newly organized Eastern Department was established in the Mason Building, at 70 Kilby street. The office staff consisted at first of Charles W. Kellogg, manager; William S. Denny, general agent for New England; A. P. Fiske, cashier, and E. F. White, assistant cashier; with one stenographer and an office boy, Abel M. Wood, who has been continuously with the company ever since and who is now second assistant manager of the Eastern Department. Charles L. Hedge was special agent for New York State. The department took under its wing from the Central Department 72 licensed agents.

In taking on new employees the manager frankly explained that the Eastern Department was a venture that might not succeed, and they must be willing to take a chance and exert every effort to make it go. Apparently they did.

In 1887 Mr. Arthur K. Simpson was made a special agent in the Eastern Department, afterward becoming assistant manager. On the death of Manager Kellogg in 1909, Simpson was appointed to succeed him. His assistant manager was Mr. J. Webb Little.

Simpson retired December 31, 1921, and died at Boston, June 4, 1923. He was succeeded as manager of the Eastern Department by Mr. Edward T. Cairns, now a vice president and senior fire underwriter of the company. When Cairns, in 1928, was transferred to the head office at San Francisco he was succeeded as manager of the Boston office by Mr. Charles C. Hannah.

The Eastern Department had its headquarters in the Mason Building at Boston for 38 years, or until the building was torn down in 1923, when it found temporary quarters at 20 Kilby street and then moved to its present location, the Atlantic National Bank Building at 10 Post Office Square.

CHAPTER XXIV

ABSORBING COMPETITORS

THE year 1889 and the years immediately preceding, had been a bad period for storms, floods, and fires, all over the country, and many insurance companies had grown discouraged. This helped make the year 1890 the beginning of a significant era in the development of the Fireman's Fund; an era of absorption of competitors. The directors that year were: John O. Earl, John Barton, W. J. Dutton, John H. Gardiner, John T. Wright, Arthur A. Smith, W. H. Brown, F. W. Lougee, Thomas S. Chard, D. J. Staples, and W. W. Stow.

To the Fireman's Fund the absorption of other companies meant business expansion, new contacts, an enlarged horizon, and a rapid gain in security and financial strength. And in one case it added to the company force a future president.

The Anglo-Nevada Assurance Corporation had been launched in 1886, with $2,000,000 of paid-up capital, which made it in that respect the largest California company. The inspiration was planted in the minds of a number of Nevada mining magnates associated in the Nevada Bank, by an Englishman, William Greer Harrison, which may sufficiently account

for the name. Harrison became even more widely known as president of the Olympic Club, the famous athletic organization of San Francisco. When the Anglo-Nevada was organized he was manager for an English marine insurance company, the Thames & Mersey, and in that position became acquainted with some of the leading figures in the management of the Nevada Bank, then under the presidency of George L. Brander.

The insurance idea had a strong appeal to the mining magnates. It seemed to promise large profits, quick returns. They made Harrison president, and James L. Flood, a son of James C. Flood of the old mining firm of Flood & O'Brien, vice president. C. P. Farnfield, secretary of the Union, of San Francisco, was taken over and made secretary of the new company. The stock was quickly subscribed because the venture was backed by such men and firms as Flood and Mackay, Sloss & Gerstle, Whittier, Fuller & Company, Williams, Dimond & Company, Haggin and Tevis, and other millionaires and firms of national reputation. But there was a dangerous fault in the company's financial structure. Though the capital was paid in, there was no surplus, a condition that would be regarded today as an indication of ignorance of the fundamentals of the business.

Events moved rapidly with the Anglo-Nevada. Its promoters could not be satisfied with gradual growth. Within two months of its opening, Harrison had made a trip to Europe and formed an alliance with several English companies, with a view to world-wide business immediately. But there was also dissatisfaction

with such amazing enterprise, on the part of some that knew sound relations must develop more deliberately, and within three months after the company's organization Harrison went back to his Thames & Mersey company, and Brander took his place.

In 1887 Brander, in control of the Nevada Bank, with John W. Mackay in Europe and James C. Flood ill, became involved in the great wheat corner that reduced the cash on hand to a few hundred dollars as the bank closed on Saturday noon.

The Bank of California lent a million with which to open Monday morning, in order to avert panic, and James G. Fair, although estranged from his old associates, lent a million and a quarter, and when the mess was cleaned up and the wheat corner unloaded, the loss had been reduced to a little under $11,000,000. Brander was deposed from the bank presidency, but retained for a few weeks as president of the Anglo-Nevada Assurance Corporation. But his financial methods somehow looked less useful, and Louis Sloss of the Alaska Commercial Company was soon made president.

It had taken them about four and a half years to learn that an insurance company is not a "big bonanza," but a slowly developing concern, operating, if it is to be successful, under rules, as a bank must; and no nearer than a bank to being a get-rich-quick affair. It was decided by 1890 that insurance involved too much risk for mining men, and that the Anglo-Nevada should retire, and its marine risks were reinsured by the Fireman's Fund.

With the absorption of the marine business of the

Anglo-Nevada, the Fireman's Fund also acquired its marine secretary, Mr. J. B. Levison, an underwriter who had passed through his novitiate.

The retirement of the Anglo-Nevada occurred in October, 1890. The directors of the Fireman's Fund met and made these changes in the officers: W. J. Dutton, vice president and secretary, dropped the secretaryship but retained the vice presidency, with the general management under the president of all the company's business; Bernard Faymonville, assistant secretary, was made secretary; George H. Tyson was elected assistant secretary; and J. B. Levison, former marine secretary of the Anglo-Nevada, was elected marine secretary of the Fireman's Fund.

In the latter part of 1891 the Fireman's Fund took over the marine business of the Union Insurance Company of San Francisco, the directors of which had decided to retire.

The activity of the Fireman's Fund in absorbing rivals had been stimulated by a peculiar condition. English companies had begun to buy American ones, and English investors were invading not only the insurance field but other American business preserves. A representative of an English company had suggested taking over the Fireman's Fund, on the supposition that it was ailing and tired of life. And the pioneer backbone in the San Francisco concern suddenly stiffened. The vice president went to the president and said:

"If any more California companies are to be absorbed I propose that the Fireman's Fund shall do the absorbing. I propose that we show these people that we have sharp teeth and a good appetite." The president

approved, and the taking over of companies that had a fairly good business but wished to stop became an agreed policy of the Fireman's Fund.

And the next deal of the sort brought in two on the same day: the Home Mutual and the entire outstanding business of the California. This was in 1892.

The Home Mutual was gathered in not by the "reinsurance" process but by stock purchase; in other words, it was bought outright and held as a separate organization. This was the company that had been founded by Captain William Holdredge, founder of the Fireman's Fund, in 1864. One would expect something unique about a company started by Holdredge, and the Home Mutual was not disappointing. It had local boards of directors in every important town in the state, and salaried managers in all important local offices. That involved heavy expense. It could do a life business as well as fire and marine. J. F. Houghton had been president of the company for 17 years, and Charles R. Story had been secretary since its establishment, and they were both men of standing. But they felt that it was time to retire.

For a number of years the Home's premium income had exceeded $300,000 annually, so that in this respect the Home Mutual ranked next to the Fireman's Fund among local companies. Stephen D. Ives, who had been with the Fireman's Fund for about 12 years as special agent and adjuster, was made secretary of the newly acquired company and in time became its vice president.

The day the Home was purchased the Fireman's Fund took over the business of the California, its elder

by two years. Under the name of the California Mutual Marine, the California had been organized in 1861 by Caspar T. Hopkins, a marine expert, and Dr. Samuel Merritt, the pioneer for whom Oakland's Lake Merritt was named. Dr. Merritt came from Plymouth, Massachusetts. It was on his yacht, the *Casco*, long afterward, that Robert Louis Stevenson cruised the South Seas and found his home, and his last resting place, in Samoa.

In 1866 Hopkins became president of the California. He was a sound student of admiralty law, and a marine underwriter of broad experience, and the provisions of the California code in relation to marine insurance are largely the product of his learning.

The absorption of the California and the purchase of the Home Mutual started much speculation in the local business world as to which would be the "next to go." It looked as if the thing might become epidemic, and rumor seized on the Oakland Home as exposed to the contagion.

The Oakland Home had been organized in 1880 by Oakland, California, capitalists. The Fireman's Fund took over its business in 1894.

The Northwest Fire and Marine Insurance Company of Portland, Oregon, had been getting into deep water. The outlook did not suit the stockholders and the company went into the hands of a receiver. The Fireman's Fund absorbed its business early in 1895.

Retirement of insurance companies was now in the air. The Sun, of San Francisco, had been organized primarily to do a marine business, by two stalwart old New England skippers who had left the sea for a

D. J. Staples, President
W. J. Dutton, Vice Pres't & Sec'y

Bernard Faymonville,
Assistant Secretary.

OFFICE OF THE

Fireman's Fund Insurance Company,

S. W. Cor. of California & Sansome Sts

San Francisco, October 14, 1890.

Dictated.

To our Agents and Friends:--

It gives me much pleasure to be able to advise you that, at a meeting of the Directors of this Company, held the 13th inst., the following changes and promotions in the head-office of this Company were made:

Mr. W. J. DUTTON, who since July last has held the positions of Vice-President and Secretary, resrgned the Secretaryship, retaining the Vice-Presidency and, under the direction of the President, the general management of all the Company's business.

Mr. BERNARD FAYMONVILLE, heretofore Assistant Secretary, was elected to the office of Secretary, with the duties usual to the office.

Mr. GEO. H. TYSON, heretofore Resident Special Agent, was elected Assistant Secretary, and

Mr. J. B. LEVISON, formerly Secretary of the Anglo-Nevada Assurance Co., was elected Marine Secretary of this Company.

Yours very truly,

D. J. Staples

President

ANNOUNCING OFFICIAL CHANGES

life ashore—Captain C. L. Taylor and Captain J. N. Knowles, both of whom were in the shipping and commission business. Taylor was president and Knowles was vice president of the Sun, and it had a board of well-known men. The Sun over-extended itself, its net surplus shrank, and it was decided to accept the first favorable reinsurance offer. It came from the Fireman's Fund for both fire and marine business, and in July, 1895, the Sun set.

Later that year another Oregon company went into a receivership—the State Insurance of Salem. The Fireman's Fund made arrangements with the consent of the court to take over and continue the business of this institution.

The Macon Fire Insurance Company, of Macon, Georgia, was absorbed in 1897. Its secretary, Mr. Edgar S. Wilson, had been appointed two years before to the managership of the Southern Department of the Fireman's Fund.

The State Investment and Insurance Company had been organized in San Francisco with A. J. Bryant, a leading politician and former mayor, at its head. Bryant died, activities declined, and the State Investment had to shut down. A good part of its remaining business came to the Fireman's Fund.

By 1899 the *Coast Review* said: "The Fireman's Fund has become so large and vigorous a fire and marine office that it can easily swallow and assimilate any reinsurance offering." In that year it had reinsured the Coast business of the Tokio Marine, which retired from the California field.

During 1899, business having become active in the

southern states, the Fireman's Fund took over the risks of the Alabama Mutual Insurance Company.

Absorption of other companies was a cardinal policy with President Dutton and continued under him. One of the largest deals of the series was that of the American business of the Thuringia, of Erfurt, Germany. This was a substantial concern with a capital of $2,250,000, assets of nearly $13,000,000, and with a quarter million deposited in this country to secure American policy holders.

In April, 1904, the Fireman's Fund took over all the Thuringia's American risks—which contributed to the losses of the company in the San Francisco conflagration just two years later.

Meanwhile there occurred, on February 7, 1904, the greatest conflagration in point of property destroyed since the Boston fire of 1872—this was the Baltimore fire. The loss was estimated at $40,000,000 in some 80 blocks. The Firemen's of Baltimore went into a receivership, from which its unburned risks were taken over by the Fireman's Fund.

From 1890 to 1906, year of the local earthquake and fire, the Fireman's Fund took over the business of every Pacific Coast insurance company that retired in that period. It extended its own operations, spread its liabilities, and broadened the foundations of its business.

In 1911 the company, revived after the San Francisco earthquake and fire of 1906, absorbed by reinsurance the business of the Washington Fire Insurance Company of Seattle. In 1912 it took over the business of the Jefferson of Philadelphia, except in a few western

states. And the next year it took over the business of the Hawkeye-Des Moines of Iowa. In 1915 it absorbed the Atlanta Home, continuing its business in the name of the Atlanta Home Underwriters of the Fireman's Fund Insurance Company.

CHAPTER XXV

EXPANSION

RETIREMENT of other companies had its natural effect on the organization and business of the Fireman's Fund.

One result of the Baltimore conflagration, beyond reinsurance of the Firemen's of that city, was the retirement of the Greenwich Insurance Company of New York, which had enjoyed, in association with the Providence-Washington, a lucrative marine business on the navigable rivers of the Middle West. This business had been managed by Captain J. L. Shallcross, with headquarters at Louisville, Kentucky. The Fireman's Fund succeeded the Greenwich in this agency.

The Home Mutual had been acquired by stock purchase in 1892, and its business was extended over the country through Fireman's Fund managers and agents. In December, 1900, the name was changed to Home Fire and Marine Insurance Company, it having been mutual only in name.

When the marine business of the Anglo-Nevada was reinsured and J. B. Levison was made marine secretary of the Fireman's Fund, George H. Tyson, then resident special agent, was made assistant secretary. He held that position for about 18 months; and in 1892

OFFICERS IN 1898

W. J. DUTTON
VICE PRESIDENT

D. J. STAPLES
PRESIDENT

BERNARD FAYMONVILLE
SECOND VICE PRESIDENT AND SECRETARY

LOUIS WEINMANN
ASSISTANT SECRETARY

J. B. LEVISON
MARINE SECRETARY

S. D. IVES
GENERAL AGENT

WILLIAM SEXTON
GENERAL ADJUSTER

was graduated from the service and training of the Fireman's Fund, to take the general agency of another company.

The vacancy thus caused brought to the home office Louis Weinmann, who had been local agent of the company at Benicia. Mr. Weinmann became a special agent of the Fireman's Fund and after four years in that branch of the service was made assistant secretary. He became secretary in 1900, and held that office until August, 1918, when he retired. His death occurred at his home in Alameda on April 25, 1921.

During the era of "benevolent assimilation" it was decided to expand the business of the company by planting a marine department at New York, and in 1895 Marine Secretary Levison appointed Joseph Hadley manager of the Atlantic Marine Department of the Fireman's Fund. Mr. Hadley continued in that position until 1904, when he went to London as the company's European marine agent.

In the expansion of the marine business, Frank G. Taylor, who had been a local agent at Tacoma, was appointed, 1902, special agent for the marine department in the Northwest; and later, as the business developed, a separate department was established: the Pacific Northwest Marine Branch, of which Mr. Taylor has continued manager.

Atlantic marine affairs of the company soon underwent another change. Instead of continuing alone in the business it was decided to strengthen the company's position by some foreign alliances. So in 1904 Marine Secretary Levison went to London and negotiated a deal whereby the Fireman's Fund gave up its

exclusive representation in the Atlantic marine field and joined with the Union Marine of Liverpool and the Mannheim Insurance Company of Mannheim, Germany. Headquarters were at New York under the management of Mr. Franz Herrmann, a marine underwriter of recognized position.

The Fireman's Fund was the first American fire insurance company to invade Hong Kong and Shanghai, and one of the first into the Philippines. This was in 1904.

Applications for agencies had been coming in to the head office for a decade. The Spanish war had directed American attention westward beyond the Pacific, and the Philippines were becoming Americanized. In January, 1904, the officers of the company decided to investigate the far eastern field, and the following month Vice President Faymonville was dispatched to the Orient on this new venture. The field seemed inviting and he established fire agencies at Manila, Hong Kong, and Shanghai.

CHAPTER XXVI

THE AGENCY PLANT

APPARENTLY, no agency plant was contemplated by Captain Holdredge in his original scheme for the Fireman's Fund. There was no place for it, because the plan provided for the work of selling insurance in another way: namely by purchasing the good will of fire departments by means of a ten per cent donation from profits, in order that firemen and their friends should become solicitors.

It was soon evident that business could not be built soundly on such a foundation. So after commuting the ten per cent obligation by a cash payment of $5,000, and thus getting rid of the firemen's interest, President Staples appointed three local agencies. S. S. Littlehale was known to him as a good business man at Stockton—cashier of a savings bank there. He was made Stockton agent. The Sacramento local agency was put into the hands of Kimball & Lawrence, who were in the real estate business. Major J. H. Burnham kept a drug store at Folsom and was the Wells Fargo express agent there. He was appointed local agent at that point. His commission now hangs in the office of the secretary of the company at San Francisco.

This was the beginning of a corps of local agents now numbering more than 10,000, and spreading over Canada, the United States, and parts of Mexico.

The development of the system was accelerated by the acquisition of George D. Dornin and William Sexton, as before stated. Dornin traveled the central and northern parts of the state, appointing agents, and as the Comstock mines were growing active in 1868, he reached across the state line and appointed H. L. Tickner agent at Virginia City. But Dornin was a better office executive than field man, so Sexton was made a general field man, or as he would now be called "special agent." That speeded up development.

The system soon received another strong impulse, in the retirement of the Pacific Insurance Company as a result of the Chicago conflagration, and the employment of Tom C. Grant, who helped bring in the best of the Pacific's agencies, including the one at Honolulu.

That was another gain the Fireman's Fund made by electing to live and pay its debts. George Grant, brother to Tom Grant, was appointed special agent for Oregon after the Boston conflagration of 1872.

During this period large quantities of grain were being barged down the California rivers and shipped to the United Kingdom by English firms in San Francisco. Naturally they insured it in English marine companies. But the Marine Department of the Fireman's Fund was growing, and the marine secretary early began to wonder why this grain could not at least be insured in transit to San Francisco. He began to study the rivers and ride the freight boats that carried the grain and towed the barges, making friends with

DIRECTORS, 1900

JOHN BERMINGHAM
W. H. BROWN
J. H. GARDINER
JOHN BARTON
J. C. COLEMAN
JOHN O. EARL

the captains, learning about bars and bends and snags and navigation dangers at various stages of water. He was soon appointing agents at all the principal river towns and landings. Sometimes they handled only marine insurance, sometimes he took the fire insurance agent and equipped him to handle the marine risk of the farmer whose house and barns he had already covered against fire loss. The process was extended up and down the Coast, including Puget Sound.

Agents had to be discreet and trustworthy, and as a rule they were; loyal, steadfast men, representatives of their communities in a very intimate sense. Some have been judges, some have been governors of states, some have been United States senators. Close contact was maintained by frequent visits of the special agent, who could give instruction as the company's direct representative.

In addition to developing the plant, instructing agents, assisting in soliciting and in reporting to the head office, either at San Francisco or headquarters of the various eastern departments, the specials or field men used to do the adjusting and make settlements, but with the growth and specialization of business, special adjusters relieved them somewhat so that they could devote more time to development.

CHAPTER XXVII

THE SOUTHERN DEPARTMENT

WHEN the Fireman's Fund first entered the eastern states all territory to the east of the Rockies constituted the Eastern Department, reporting to New York. After 1875 Thomas S. Chard managed the whole field from Chicago, with the exception of the southern states, from which the company had withdrawn after the Chicago conflagration. By 1895 it was determined to invade the South again in earnest.

The Southern Department of the Fireman's Fund was established at Macon, Georgia, in 1895, the vice president, W. J. Dutton, having gone to Macon to arrange the business and see that the new branch made a good beginning.

The secretary of the Macon Fire Insurance Company, Mr. Edgar S. Wilson, was appointed manager of the Southern Department. Two years later the company took over the business of the Macon. Expansion in the southern field was materially helped in 1899 by the absorption of the Alabama Mutual.

In 1909 Mr. Edgar T. Gentry was appointed executive special agent and a short time later was made assistant manager. Manager Wilson died in the spring of

DIRECTORS, 1900

W. J. DUTTON

F. W. LOUGEE

BERNARD FAYMONVILLE

JOHN T. WRIGHT

THOMAS S. CHARD

1914, and Bernard Faymonville, then president, appointed Gentry to succeed him.

In November, 1914, Manager Gentry removed the whole department to Atlanta. The company in the following year reinsured the business of the Atlanta Home Insurance Company, of which Mr. Charles A. Bickerstaff was secretary.

Charles A. Bickerstaff was appointed assistant manager of the Southern Department in September, 1915, and in February, 1927, he became joint manager with Gentry.

On account of impaired health, Mr. Gentry retired at the end of 1928, leaving Mr. Bickerstaff sole manager, with F. A. Sewell as assistant manager and R. W. Michael superintendent of agencies.

CHAPTER XXVIII

THE PIONEER PASSES

THE epoch of company development and growth under the presidency of D. J. Staples ended with the last year of the century. The first three years of the company's life had been experimental and precarious. The venture might have come to nothing. Then came the right man to the right place, to eliminate vices of plan and defects of organization and stamp the whole with his own character. For 33 years he guided the company and inspired the organization, until, bowed by age and illness, he was forced to ask that the burden be shifted to younger shoulders.

At the quarterly meeting of directors in October, 1899, this letter was read:

October 16, 1899.

To the Board of Directors of the Fireman's Fund Insurance Company:

Gentlemen: On May 3d, 1866, I was entrusted with the management of your company, and since 1867 I have continuously been its president.

During this third of a century of service I have seen the company grow from a small organization doing an experimental business in fire insurance in a limited field comprising the city of San Francisco and its immediate vicinity, to one of the great fire and marine underwriting organizations of America, with a paid-up capital of a million dollars, a net surplus greater than its capital, and

assets four times as great; with an agency system comprising almost every city and town in the United States, its marine policies protecting the commerce of every sea, and a world-wide reputation for business integrity second to that of no competitor.

While I feel a pardonable personal pride in the growth of this great institution, during my administration, I can claim only the credit due to a single worker as my share of the glory, for there has not been one drone in our hive of industry, and through all the varied experiences of these 33 years I have found each officer, each employee, and, indeed, each local agent, as zealous in guarding and advancing the company's interests as if it were his own personal property. Such uniform loyalty of effort could but result in success.

But even the efforts of officers and employees could not alone have brought the company to its present proud position without the moral and financial backing of a Board of Directors competent to adopt a policy broad enough for a successful company to travel, and strong enough to maintain that policy in the face of disaster.

Such a board this company has been fortunate in having. It tided us through the troublous times of the Chicago and Boston fires, when all other California companies either failed or retired from the eastern field, and has since sustained the even course of both our own company and of our sister organization, the Home Mutual, through the varying fortunes of underwriting which have meantime wrecked every other Pacific Coast company, leaving our two organizations the only Pacific Coast fire and marine underwriting concerns in existence, out of more than 25 which have meantime sprung into life, flourished and died.

The pressure of declining years and of infirmities now urges me to put the reins of government into hands younger in years, but with an experience in the company's service almost as long as my own, and I do it confident that our interests will not suffer by old age giving place to middle age.

As I look upon the faces about me I see on our present Board three Directors who have served in this capacity, not merely since my election as President, but practically ever since the organization of the company, their long continued service testifying to the fixed character of the policy of our company, which has given it its permanency and success, and in my retirement from the Presidency

of the board and company I do so trusting to assist as a director in carrying out the policy which has thus far so successfully shaped the course of the company.

In your hands, therefore, gentlemen, I now beg to place my resignation as President of the Fireman's Fund Insurance Company, to attach from January 1st, 1900, to be accepted by you upon such terms as you may feel are due to the company and to myself in the premises. Yours truly,

D. J. Staples.

The directors were aware of what was coming, and Director John Barton, who had nominated Mr. Staples for the presidency of the company back in 1866, proposed these resolutions, which the board adopted:

Whereas President D. J. Staples, under the influence of declining years and recently developed infirmity, has presented his resignation of the Presidency of the Fireman's Fund Insurance Company, said resignation to take effect from and after December 31, 1899; therefore be it

Resolved, That this Board of Directors desires to bear witness to the ability, integrity, untiring zeal, and independence, which have characterized his long and varied business career. These qualities, linked with a keen judgment of human nature, and broad experience in handling men, have caused him to be ever recognized as a leader among his fellows, and have enabled him to pilot his company to steadily increasing success amid the constant failure of less fortunately directed companies all about it.

Resolved, That this Board of Directors accepts said resignation with profound regret, and tenders its most sincere sympathy to President Staples in the physical infirmity which impels him to retire, even though full of years and honors such as fall to the lot of but few men.

These were not the mere verbal expressions of a hollow form. David Jackson Staples was commonly credited with the largest contribution to the success of his company, and as this is written he is still a cherished

D. J. Staples, President
W. J. Dutton, Vice President
Bernard Faymonville, 2d Vice

J. B. Levison, Marine Secty.
Louis Weinmann, Asst. Secty.
Stephen D. Ives, Gen'l Agent.

OFFICE OF THE

Fireman's Fund Insurance Company,

S. W. Cor. of California & Sansome Sts.

San Francisco.

Dictated.

OFFICIAL ANNOUNCEMENT

It gives me much pleasure in retiring from the Presidency of the Fireman's Fund Insurance Company to announce to its agents and friends the names of those who will guide the destinies of the Company.

The election of the new officers, on Wednesday, January 17, 1900, as noted below, resulted in well-merited promotions, and their long connection with the Fireman's Fund gives assurance that the Company's broad and generous policy in the past will be maintained in the future.

The new officers are as follows:

Mr. Wm. J. Dutton, formerly Vice-President, was elected President.

Mr. Bernard Faymonville, formerly Second Vice-President and Secretary, was elected Vice-President.

Mr. J. B. Levison, heretofore Marine Secretary, was elected Second Vice-President and Marine Secretary.

Mr. Louis Weinmann, heretofore Assistant Secretary of the Company, was elected Secretary.

Mr. S. D. Ives was re-elected General Agent.

Mr. F. W. Lougee was re-elected Treasurer.

With high esteem, believe me,

Very truly yours

D. J. Staples

Retiring President.

RETIREMENT OF PRESIDENT STAPLES

tradition of California street in spite of the many years and disturbing events that have followed.

On January 17, Mr. Staples was presented with an album containing photographs of the directors, officers, and employees of the company and in accepting the gift he said:

> If I have deserved all the kind expressions to which I have listened and which have reached me in the past few months from all over the country, I have not known myself all these years. I have endeavored to follow a simple rule—that the company, whatever it does, must never resort to anything that is not thoroughly straightforward or that will not bear the light of day.

Toward the end of the month, January 24, a banquet was given in his honor at the Pacific Union Club by the fire and marine underwriters of the city. Charles D. Haven presided. A poem was read in which Staples was referred to as the "Father of the Street," and an impressive roll was called of successful executives of other companies who had been graduated from the Fireman's Fund under Staples' administration. A suitably inscribed silver loving cup was presented him by his "fellow underwriters."

Staples did not long remain to serve his company on the board of directors. He was 75 years old and his last illness was upon him. His wife, through whose suggestion James Lick had left a generous bequest for a home for aged women and who had largely been instrumental in the founding of the Crocker Old Peoples Home, had died five years before. On the fourth of April, 1900, the directors expressed their regret for his passing, in the following tribute:

Whereas, David Jackson Staples, Director and ex-President of the Fireman's Fund Insurance Company, passed from mortality Tuesday morning, April 3, 1900, at the age of seventy-five years and eleven months.

And whereas, as an underwriter he successfully directed the affairs of the Fireman's Fund Insurance Company for the thirty-three years of his Presidency, during which time every other Pacific Coast fire insurance company was absorbed or retired from the business.

As a citizen he was ever found at the front, defending the rights and advancing the prosperity of the commonwealth.

As a man he was large of stature, with a character as broad and solid as his frame, and possessed in a marked degree the faculty of attracting the affectionate regard of every acquaintance.

By his death the community loses an upright and enterprising citizen, our Company a wise counselor, and each one of its directors and staff a personal friend.

Therefore, be it Resolved, by the Board of Directors of the Fireman's Fund Insurance Company in special session convened, this fourth day of April, 1900,

That we deeply sympathize with the surviving daughter and grandchildren of the deceased in the hour of their affliction.

That the members of this Board attend the funeral services in a body, and

That these resolutions be spread on the minute book of this Board, and a duly certified copy thereof be presented to his family.

John Barton, who had nominated Staples for president of the company, and had introduced the resolutions accepting his resignation, died on the 19th of April, in his 86th year. Barton was the last of the original board of directors. Thus the pioneers that had launched the barque, and the pilot that had guided it for 33 years, had before the summer of 1900 all passed, either by death or retirement, from active participation in the company's affairs. Pioneering days were over. A new era had dawned.

A TESTIMONIAL

CHAPTER XXIX

BEGINNING A NEW CENTURY

FOR the Fireman's Fund, the early years of the new century were to be worse than any of the company's founders could have foretold. Nevertheless, it entered the century with confidence, under its new leadership.

The board of directors at the beginning of the year consisted of D. J. Staples, John Barton, John Bermingham, W. H. Brown, Thomas S. Chard, J. C. Coleman, W. J. Dutton, John O. Earl, J. H. Gardiner, F. W. Lougee, and John T. Wright.

The death of John O. Earl in January, 1900, made a vacancy in the board of directors that was filled at the meeting of January 16 by the election of Bernard Faymonville. When D. J. Staples died, April 3, he was succeeded on the board by Charles R. Bishop. John Barton was succeeded by Arthur A. Smith, who had served on the board previously.

The succession to the presidency followed that process of promotion which has been a general policy of the company. The new president was Mr. William J. Dutton, who had begun as marine clerk, back in 1867. He was elected president at the annual meeting in January, 1900. He was to carry on the policies of Staples

and the directors, and his own ideas as to expansion, and within a few years was to face such a crisis in the company's affairs as no other insurance company had ever met and survived.

William J. Dutton became the dean of Pacific Coast underwriters, known all over the United States and abroad as the head of a leading insurance company. Son of a pioneer, he was qualified by character and tradition to carry out his labors in the pioneer spirit of men like Staples, Alpheus Bull, and his own father, Henry Dutton—to uphold their standards of soundness in the construction of a business, and to give that business the prestige of active citizenship.

The Duttons were descended from old colonial and revolutionary stock, domiciled in Maine. William J. Dutton was born in Bangor, January 23, 1847, the son of Henry Dutton and Frances Cushing (Stevens) Dutton, both of English ancestry. His great-grandfather, Colonel Samuel Dutton, fought in the Revolution; and on his mother's side of the house was Chief Justice Cushing, who swore in George Washington as first president of the United States.

In 1855 Henry Dutton, the pioneer, sent for his family to join him at San Francisco. Here William J. Dutton attended the public schools, including the high school, and then went through the old City College, on Union Square, studying civil engineering. After graduation he served a brief apprenticeship in a local insurance agency, and in 1867 was appointed marine clerk of the Fireman's Fund.

Mr. Dutton's service to the company was marked by steady advance. He became marine secretary in

1869, assistant secretary of the company in 1873, still carrying on the duties of marine secretary; general secretary in 1881, vice president in 1890, and president of the company in 1900. He became known as the "traveling president," often making three long trips a year on the company's behalf.

William J. Dutton was president of the Board of Marine Underwriters of San Francisco from 1888 to 1909. He became president of the Board of Fire Underwriters of the Pacific in 1885, and was vice president of that organization from 1886 to 1898. For 23 years, from 1891 to his retirement in 1914, he was chairman of the legislative committee of the board. He has stood high in the councils of the Republican party in California, has been a leading figure in the financial district of his city, and has held many positions of trust for charitable and civic organizations.

The retirement of President Staples caused a general advancement of the higher executive officers of the company. Bernard Faymonville, who had been a local agent, a special, and an adjuster, who in 1890 had succeeded Dutton as secretary, and who had, since 1893, been second vice president, became first vice president. J. B. Levison, who had been made marine secretary in 1890, added the duties of second vice president in January, 1900.

The company had to start the century under new management at Chicago. The meeting on October 16, 1899, which received the resignation of President Staples, received a letter from Thomas S. Chard, manager of the Central Department, reciting that he had served the company continuously for 30 years and

asking that arrangements be made for his retirement. He was succeeded after a few weeks by the firm of Marshall & McElhone. In 1905 he retired from the board and was succeeded as a director by J. B. Levison. Mr. Chard died December 28, 1925, at the age of 85 years.

In 20 years the company's net surplus had grown from $153,172 to $1,312,721. Its assets on January 1, 1900, came to $3,993,701.

WILLIAM J. DUTTON

PRESIDENT, 1900-1914

CHAPTER XXX

THE WESTERN DEPARTMENT

ON the retirement of Thomas S. Chard from the managership of the Central Department, Vice President Faymonville went to Chicago to see that the business at that point got into good hands. He took along to assist him Mr. Frederick H. McElhone, who for 11 years had been supervising the company's business in Arkansas, Texas, and Louisiana, reporting to the head office from Texas. McElhone became assistant manager at Chicago, and until May, 1900, the Central Department was conducted by Faymonville and McElhone. John Marshall, Jr., then manager of the western department of another company, was taken over and the firm of Marshall & McElhone was organized as managers of the Central Department, and Faymonville left for San Francisco.

To anticipate major events with the record of this section of the field, the department progressed under the joint management of Marshall and McElhone. On March 13, 1914, McElhone died, and in May, 1914, Marshall was made sole manager for his field. William A. Chapman was appointed assistant manager. J. George Stauffer, who had been with the company a great many years, serving as state agent in Illinois, was

made superintendent of agencies. In September, 1918, the name of the department was changed from Central Department to Western Department.

Manager Marshall of the Western Department became vice president of the Fireman's Fund by election of the directors on November 28, 1919, and the assistant manager, Mr. W. A. Chapman, who had had many years' experience as a special agent for various companies before joining the Fireman's Fund, was appointed to succeed him. H. A. Bush was made assistant manager. J. George Stauffer and W. H. Gartside were made second assistant managers.

In 1913 the Fireman's Fund absorbed the Hawkeye-Des Moines and the Commercial Fire Underwriters, and a new department called the Hawkeye-Des Moines was opened. C. S. Hunter, former secretary of the Hawkeye-Des Moines, was made manager. This department has supervision over Iowa and reports to western department headquarters at Chicago.

CHAPTER XXXI

THE EVE OF DISASTER

BY June, 1905, in the year before San Francisco's earthquake and fire, the *Fireman's Fund Record* was able to say that of 14 American fire insurance companies 25 years old and over having assets of over $6,000,000, the Fireman's Fund led in rapidity of increase of assets and net surplus.

The assets, as of December 31, 1905, were $7,232,552.19, consisting of these items:

Capital paid up	$1,000,000.00
Unearned premium reserve	3,031,730.11
Reserve for outstanding losses and other estimated liabilities	482,677.58
Net surplus over all reserves and liabilities	2,718,144.50
Assets, December 31, 1905	$7,232,552.19

The company had paid losses since its incorporation amounting to $28,471,026.70.

At the beginning of 1906 San Francisco, in common with the rest of the country, was enjoying one of those periods of prosperity known as a "boom." Money was easy. Prices were generally and rapidly rising and every enterprise at all sane seemed to pay—or promised to pay. The real estate market moved upward on

strong demand, for there was an enthusiastic hope in the city's future.

The directors of the Fireman's Fund Insurance Company at this time were John Bermingham, Charles R. Bishop, W. H. Brown, John C. Coleman, William J. Dutton, Bernard Faymonville, J. B. Levison, F. W. Lougee, George A. Newhall, A. A. Smith, and John T. Wright. The officers were William J. Dutton, president; Bernard Faymonville, vice president; J. B. Levison, second vice president and marine secretary; F. W. Lougee, treasurer; Louis Weinmann, secretary; and George A. Mendell, Jr., assistant secretary.

Through more than forty years and the expenditure of a large sum of money, the agency plant had grown to about 6,000; the sales force of an expanding business. It had received, the previous year, nearly four million in premiums.

At the end of 1905 the company was paying handsome returns, its stock selling at four and a quarter times par; it enjoyed the confidence of the business world.

On Monday, April 16, the directors declared the regular quarterly dividend, payable on Wednesday, April 18. Checks were mailed to stockholders Tuesday evening.

By the evening of April 21, 1906, the Fireman's Fund owed nearly $11,200,000 in San Francisco alone. To be exact, the company's proved loss from the conflagration came to $11,175,916. Many of its stockholders were ruined, some companies in which it had reinsured excess risks could not pay, many of the local enterprises in which its funds were invested and on

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THE HEAD OFFICE (ON RIGHT) ON THE MORNING
OF APRIL 18, 1906

which part of its income depended seemed hopelessly impaired, and were in fact crippled for years, and most of its mortgagors were suddenly unable to meet principal or interest.

Within a few weeks the business was discontinued. The old, reliable Fireman's Fund Insurance Company, household word throughout the nation, was in its coffin.

There has been nothing like the ruin and rehabilitation of the Fireman's Fund. Never before did a great city burn without carrying down all its important insurance companies; and this is the first example of an insurance company of any importance surviving the destruction of its home city. But it really died, and survives only through a resurrection that no one contemplated who had prepared to give it burial.

CHAPTER XXXII

CHAOS

THE ruin of San Francisco in 1906 resembled that of Constantinople in the thirteenth century. In San Francisco the human enemy was lacking; but the cases have in common the sudden turning of half an urban population into homeless migrants, and the disruption of every arrangement of their lives.

There were all the phenomena of physical, social, and financial overthrow; not only the separation of families, distressing enough in itself, but the rupture of business relations, the loss of contact between merchants, bankers, lawyers, doctors, their customers and clients, the stoppage of credit and destruction of stocks that made it impossible for the merchant to supply the roughest necessaries—the interruption of services, the sudden lack of all the apparently commonplace but vastly intricate and vital information on which the transactions of business are based and which were essential to their resumption; in a word, disorganization. With it went, for a time, the appalling feeling that humanity is the sport of chance, that there is no security for anything.

The disaster brought many things to an end. Numbers of men whose operations had been the support of

the older city felt that their active days were done, and turned over the direction of affairs to their junior partners or to their sons. Prosperous institutions found themselves under staggering loads of debt and only reappeared in eclipse. Families of wealth went down to poverty and never recovered—their names passed from the public mind, to return, on odd occasions, like echoes from a vault.

The earthquake began in San Francisco and vicinity about 5:15 on the morning of Wednesday, April 18, 1906. It continued 48 seconds.

There is a story to the effect that in Chicago a newspaperman whose work consisted of elaborating two-line dispatches into page stories by aid of a vivid imagination and some guide books, received a brief wire to the effect that the ground-shock had broken the water mains entering San Francisco across the marshes from the southward, and that a few small fires had started. Handing the message to his assistant, who did the actual writing, he said:

"Burn it up! Burn the whole damned town, from East street to Van Ness avenue. They'll never stop it sooner."

Prophecy could do no more. By the twenty-first of April, 497 blocks, 3,000 acres, over four and a half square miles, had been burned out of the heart of the city, taking the wholesale, financial, and retail shopping districts, together with the populous area south of Market street and toward the Mission district, and leaving miles of streets impassable.

The fire got across Van Ness avenue and went a block beyond, between Clay and Sutter; jumped the

avenue again between Golden Gate avenue and Page street and burned three blocks westward; and at the same time swept the section south of Market street from the Embarcadero as far southeast as Townsend street and as far southwest as Twentieth and Dolores. Over 28,180 buildings were destroyed, said to be worth, with their contents, between $350,000,000 and $500,000,000—which is as close an estimate as it was possible to make—the greatest conflagration loss the world has ever known, with an insurance loss aggregating $250,000,000.

No witness of those scenes will ever forget the scraping, rumbling tide of sound made by the little iron rollers of thousands of trunks in which, together with baby carriages, toy wagons, and every other form and size of wheeled vehicle, the suddenly evicted people dragged their more precious possessions to the public squares, Golden Gate Park and the United States military reservation known as the Presidio. The exodus out Pacific avenue, Jackson street, and other westward thoroughfares was almost uninterrupted for 48 hours. In addition to these refugees, the railroads, ferries, and other conveyances carried thousands out of town.

A publication of the Chamber of Commerce said afterward: "The whole business district was a dreary waste of ashes, in which the only business done for weeks consisted in dragging safes out of the ruins and breaking them open in the hope of finding some of their contents unburned." The lighting and telephone systems were cut off, communication and transport paralyzed. Not an alarm reached the Fire Department. But it hardly needed any. Fire engine companies went

into action on their own initiative. In the unburned residence area the people for weeks did their cooking on the sidewalks because of the fire menace from cracked chimneys—and the one bright spot was that during this season there were no further fire losses.

Directly, there began a long and weary battle over insurance, a controversy in which all the arguments were on one side, a dispute embittered by general losses and desperate conditions. Charges flew thick. Bad faith was imputed where there was merely helplessness; but a helplessness incomprehensible to the public.

The conflagration was no respecter of the Fireman's Fund. The proud old head office building burned as freely as any other, its records were just as inflammable, its reports were as perishable as though they did not deal with indemnities for fire losses. The public did not understand why the officers did not know how much the company owed; but it took months to find that out. Meantime payments could not have been made if the accounts had been preserved, for there was a long moratorium decreed by the governor of the state, during which money could not be had from the banks.

Only business men will understand how dependent business is on its records and accounts. The first necessity of the company was to get at its books and reports and find out how it stood.

People trying to enter the burning section of the city from the west, and many who had business there did, were turned back at the fire lines, but it took a few hours to stop the ferry traffic from the east side of the bay, and on the morning of the earthquake some of the employees of the company got across and reached the

office, which did not take fire until late that afternoon. Across California street the Bank of California was preparing to erect a new building and its lot was temporarily vacant. Employees of the Fireman's Fund that reached the office labored under direction of the cashier, Thomas M. Gardiner, to save what might be saved, and into this lot, excavated for a basement, they dragged an old desk of President Dutton's, one he had used as secretary and in which were certain papers relating to matters a little apart from his functions as president. That desk played a fateful part in the rehabilitation of the company.

Some of the clerks in the marine department broke open the desk of the second vice president and marine secretary, took out such papers as they thought would be most valuable to him, and carried them in a waste basket to the American National Bank in the Merchants Exchange building.

Between 5 and 5:30 o'clock that afternoon the Fireman's Fund building became a cauldron of flame. When the fire subsided little was left of it but its stark and eyeless walls.

President Dutton was then living at the Palace Hotel, whence he proceeded to the house of his friend, John F. Merrill, on Van Ness avenue. He stopped there until the fire drove everybody farther westward, when he went for a few days to the house of Second Vice President Levison at 2420 Pacific avenue.

Here a telegram was drafted and sent, over the president's signature, to department managers, state agents, and home department specials. There were no

wires working out of San Francisco, and it had to be dispatched from San Rafael. It read:

> All hands safe and well. Fire now entirely extinguished. Unable to ascertain liability until vaults are opened. The Fireman's Fund flag is still flying and nailed to the mast.

So it was, in spirit and in truth, and for the time being. But in mere physical bunting and painted legend the old burgee that for so many years had summoned the friends of the Fireman's Fund to its annual "open house" was no longer even a wisp of smoke.

CHAPTER XXXIII

DISPOSSESSED

THE chaos that ruled in San Francisco seemed to threaten it with financial extermination. People had to rehabilitate their business as well as their homes, and business had no shelter, no habitation, no records and accounts, at first no known addresses, no way to find itself. It lacked even desks and chairs and ink, and had lost its lead pencils.

The merchant's customers were scattered, new ones had not been found, "prospects" were "killed." Buyers for out-of-town houses turned for their requirements to wholesalers in other cities. A little trading was done on street corners amid the bricks and ashes, and the disturbed hive began to swarm again on Van Ness avenue and Fillmore street, but few things could be undertaken at first except the work of the "earthquake carpenter," the plumber, and the sign painter. It took a week to locate the Fireman's Fund directors.

Secretary Weinmann had busied himself in Oakland and had rented quarters for the company in the Odd Fellows building at Eleventh and Franklin streets. The situation was comparatively fortunate. The offices were in a loft above the second-hand furniture and auction store of H. Schellhaas, and H. Schellhaas could

THE REFUGE IN OAKLAND

not only sell needed tables and chairs, but his peculiar line of advertising had made his name a household word throughout the east bay region. At dozens of busy corners and transfer points all over Oakland could once be found wooden benches with comfortable backs on which was lettered the legend "Softer Seats at Schellhaas'." That legend could be applied to every small accident of seating arrangement or scanty accommodation, and it is safe to say that in the average Oakland home of twenty to thirty years ago it was quoted much more frequently than any Bible passage freighted with wisdom and forgiveness. So this humble second-hand store seemed to contribute aid and comfort to the corporation driven to take shelter under the same roof. Calamity had brought new companionships.

A number of the officers and employees, with a stenographer, gathered at the house of Second Vice President Levison, which had escaped the flames, and at their first meeting after the disaster the directors made 2420 Pacific avenue the company's official place of business. In addition, the marine department rented space at 1010 Broadway, Oakland, where part of the clerical staff reported. But the difficulties of doing business in three places at once, and without records and accounts, were tremendous. There was no transbay telephone communication, so the company had to establish a messenger service by having the Oakland office send a messenger to the foot of Market street, San Francisco, where he met a messenger from the San Francisco headquarters and exchanged letters.

Excess marine risks had been reinsured in the Providence-Washington and the Insurance Company of

North America. Their head offices were called upon for copies of all marine reports sent them by the Fireman's Fund during the previous year, and from these the marine department was able to patch up a satisfactory working record of its outstanding hull business.

There was no such easy solution of the fire insurance problem, but the old desk that had been dragged across the street to the Bank of California lot was invaluable.

While the ruins were still smoking and the bricks too hot to tread upon, President Dutton reached the corner of Sansome and California streets, to find that the desk had been broken open by looters and the wind had wafted part of the contents away. Some of the clerks were there, and he sent them about the neighborhood with instructions to pick up every scrap of paper that could be found. In this way there was recovered a good deal of correspondence, useful for names and addresses and some business facts. And in drawers in the desk itself, or amid the rubbish near, were found two books of the utmost value. One was a little memorandum containing the tally lists of the last annual election of directors. This was in itself a complete roll of the stockholders, with the amount of stock each held. The other was a roster of local agents reporting to the head office. In a short time there were obtained from these agents copies of daily reports and records of outstanding business on the Pacific Coast.

The first necessity was to call back the quarterly dividend declared two days before the earthquake, and made payable on the day the earthquake happened. Checks had been sent out the night before, but inasmuch as the first duty of available funds was to pay

losses, payment was stopped at the bank and stockholders were asked to send back the checks, addressed to the Oakland office at Eleventh and Franklin streets. This action was taken by the president, before the board of directors had met. The letter bears date of April 25.

As soon as the bricks were cool enough to walk over an effort was made to get at the accounts in the main office. Almost all essential records of the company's Pacific Coast fire business were in a two-story brick vault, which had passed through a temperature that turned brick pale.

The daily reports from Pacific Coast agents were in a sort of supplemental vault that had been built between the old vaults and the alley wall of the building. Enough separation had occurred between these two structures to let in a little air, and when President Dutton reached the ruins the contents were evidently smouldering.

A marine underwriter must know many things. Once a ship, the *Elmbank*, insured by the Fireman's Fund, had arrived from Hong Kong with a cargo of sulphur afire, and with hatches battened down to keep out the air. Dutton looked up his old chemistry teacher at the City College, Professor Thomas Price, and with suitable apparatus Professor Price generated enough choke damp or other bad gas known to chemical engines to smother the fire and salvage most of the cargo. And it is worth noting that no bargain was made with the professor, who in a most practical manner not ordinarily expected of professors made a claim for salvage, and brought suit to enforce it.

Clearly, the vault called for the gas treatment, for if the door were opened without it, the contents would probably ignite. Dutton went to Professor Price's house, near North Beach. The professor was absent but his son was there. They sent a man to South San Francisco, where he got a whisky barrel, and then drove all through the unburned part of the Mission district of the city in a hack buying small quantities of the proper acids in drug stores. In the alley they set the chemicals to work in the barrel, and rigged a garden hose from it to the vaults. One of the safe-experts then at work in the burned area drilled through the vault door and they inserted the hose and gassed the interior.

They kept at it all night, and in the morning the vaults ceased to smoke. But there was no certainty about the condition inside. Dutton went down to the Embarcadero and found one of the Fire Department wagons with a small crew in charge of a battalion chief whom he requested to come up and help open the upper door, because it seemed above the main fire and safest to open.

They raised a ladder and unlocked the door, but the battalion chief would not permit it to be opened for fear of an outburst of flame. They waited awhile and got extinguishers ready and then the battalion chief started toward the ladder.

"Aren't you going to send up one of your men?" asked Dutton.

"No, Sir," said the battalion chief, "there might be an explosion when the door is opened and he might be killed. But I shall station two of the boys at the foot of the ladder to catch me if I have to jump."

BERNARD FAYMONVILLE, VICE-PRESIDENT
GEO H. MENDELL, JR., ASST SECRETARY

WM. J. DUTTON, PRESIDENT
J. B. LEVISON, 2D V.-P. & MARINE SECRETARY
F. W. LOUGEE, TREASURER

LOUIS WEINMANN SECRETARY
ROBT P FABJ GENERAL AGENT

FIREMAN'S FUND INSURANCE CO.

TEMPORARY OFFICE

N. W. CORNER 11TH AND FRANKLIN STREETS

OAKLAND, CALIFORNIA

April 25. 1906

On Monday, April 16th, the Directors declared the Company's usual dividend, payable on Wednesday, the 18th.

Tuesday evening checks were mailed to our local stockholders, in order that they might cash same Wednesday, if so disposed; but on that morning came the destruction of our fair city, and with it liability to our Company to such an extent as probably to involve all its surplus and possibly a part of its capital, although that cannot be accurately determined until the ruins are cooled off and access had to our records.

It is evident, however, that our available funds should first be used in payment of losses, the dividend rescinded, and the checks prematurely sent out recalled. You are, therefore, requested to return the check so sent you to this Company at its temporary office, Northwest corner Eleventh and Franklin Streets, Odd Fellows Building, Oakland, payment of same at bank having been stopped

As soon as the necessary examination of our records can be made, we will advise you from time to time of the situation, but there is a vast amount of reinstatement work to be done, as only our more important records in the cashier's vault have been saved, the fire having cracked open the brick chamber in which the ordinary working records of daily use were kept, but which can, however, be largely redeveloped from outside sources.

Meantime, our fire business is being continued as usual at our temporary headquarters, Northwest corner Eleventh and Franklin Streets, Oakland, and our marine business at the home of 2d Vice-President Levison, No. 2420 Pacific Avenue, San Francisco

We are deprived of the immediate presence of Vice-President Faymonville, who is now homeward bound from a business trip to the Orient, but he will shortly be here and join the rest of us in continuing the Fireman's Fund in its career of usefulness and prosperity

Yours very truly,

WM. J DUTTON.
President

RECALLING THE DIVIDEND

The chemicals had done their work, there was no explosion, and the battalion chief came down unharmed. That was Thomas R. Murphy, at this writing chief engineer of the San Francisco Fire Department.

In spite of such work the salvage was disappointing: charred books and record sheets, illegible, and so roasted that they fell apart under the most careful handling. The effort is cited as an illustration of what men had to do in those troubled days. The city department records were in still another vault in the adjoining building, but they were completely destroyed. Some of the savings banks had maps for assistance in making loans, and these were a great help, especially those of the Hibernia Savings and Loan Society, whose place of business was not burned, and whose loans were numerous.

But the check-up was a slow process. Meanwhile the policy holders, under pressure of their own distress, and instigated by a certain inflammatory part of the local press, were clamoring for settlement. Most of them had no other business so important, and they stood in long queues and pressed for payment with the energy of desperation.

CHAPTER XXXIV

A WAY OUT

THE first meeting of the board of directors after the catastrophe was held on April 27 at the Levison residence at 2420 Pacific avenue. President Dutton stated that the board had been called together to face the greatest emergency that had confronted the company since the Chicago conflagration, and it would probably prove worse than that. The fire would call on the company for all its capital and surplus.

A week later another meeting was held, at which State Insurance Commissioner Myron E. Wolf was present by request. It should be said for the late Myron Wolf that his disposition was humanly sympathetic but officially firm. A third meeting was held on May 9. The situation was growing worse. Insurance commissioners in all the states were demanding information, but as the records were destroyed no statements could be made. So the commissioners would repeat their telegrams. One rescinded the Fireman's Fund license. Demands for cancellation were setting in strong, and to refuse the refund would have resulted in a run as on a breaking bank.

The directors rescinded the dividend declared on April 16, and confirmed the president's act in recalling it. A resolution was adopted reading:

> It is definitely determined that the company's ability to meet its losses and to carry on its business with full protection to its present and future policy holders is unquestionable and its officers are hereby instructed to proceed with the adjustment of the losses and the conduct of its business throughout the country.

The president or vice president was authorized, at discretion, to sell such amounts of the stocks and bonds in which company funds were invested as might be required to discharge its obligations. These things were done largely in the dark. The extent of loss was still unknown.

Bad as the outlook was it was suddenly darkened by the arrival of a telegram from one of the largest eastern departments, stating that policies by the basketful were arriving for cancellation, and asking if the cash on hand could be used for refunding unearned premiums, or if the loss claimants of the San Francisco disaster had a prior lien on it. The president of the company could see in those baskets of policies the early stages of a cancellation flood that would, if unchecked, swamp the company's capital, surplus, and reserves, throw it into bankruptcy and ruin its business forever.

In this crisis President Dutton devised a bold way out. He wrote a prospectus of the Firemen's Fund Insurance Corporation, with a million capital and a million surplus, to reinsure the unburned risks of the old company, stop the cancellations, save the agency plant and the going business, and leave the old company free to deal with the San Francisco losses.

The directors owned ten per cent of the stock of the old company, and if each would subscribe to the stock of the new corporation twice the par value of his shares in the old company, it would supply enough capital to enable them to obtain an authorization to do business from the state insurance commissioner.

Dutton laid his plan before the late T. C. Coogan, attorney for the Board of Underwriters and one of the country's best insurance lawyers. Coogan shook his head. Such a thing had never been heard of. It was illegal. The company was bankrupt—had acknowledged that its liabilities were greater than its capital and surplus; and how could it legally reinsure its outstanding business? But Dutton insisted that there was nothing unsound in the plan from a business standpoint, that a great many merchants were always in similar case, and many insurance companies were now in that condition as a result of the fire, and yet they went right on doing business on borrowed capital. The old company was not giving away anything in the form of renewal premiums, because if this plan were not carried out the cancellations would soon sweep away the unearned premium reserve and the expectation of any renewals whatever. After long deliberation Coogan began to see the business aspect of the matter as well as the technically legal, and became a convert to the belief that the thing could legally be done and might even succeed financially.

Dutton met some of the directors at the house of Second Vice President Levison. He put the scheme before them, and asked for subscriptions to the stock of

601-4-06 5M

BERNARD FAYMONVILLE, VICE-PRESIDENT
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WM. J. DUTTON, PRESIDENT
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F W LOUGEE TREASURER

LOUIS WEINMANN, SECRETARY
ROBT. P. FABJ, GENERAL AGENT

Temporary Headquarters, I. O. O. F. Hall, Eleventh and Franklin Sts.

FIREMAN'S FUND INSURANCE CO.

401 CALIFORNIA ST., SAN FRANCISCO, CAL.

THE LARGEST COMPANY WEST OF NEW YORK

Oakland, Cal., April 26, 1906

TO OUR AGENTS:—

San Francisco has met the baptism of fire to which all cities are liable, and which for it has been constantly predicted for the past half century, but it has come in a manner more appalling, and in a measure more destructive, than had ever been deemed possible.

To those who were present and experienced the full measure of the disaster, description is superfluous, to those who were not, it is inadequate.

The earthquake severed our main water supply pipe, and crushed the Chief Engineer of our Fire Department under a falling wall, and fires which followed from shattered chimneys and grounded electric wires found us deprived of all defence, and our fair city doomed to destruction.

It is as yet impossible to accurately estimate the total value of property destroyed, but, while it runs well into the hundreds of millions and leads in destruction all the fires of the world's history, it is safe to say that all the more conservative companies will honorably meet their policy obligations. As far as the Fireman's Fund and the Home Fire and Marine Insurance Companies are concerned, **of course we will.**

We realize from past experience that insurance companies are organized to protect policyholders in just such an emergency, and have endeavored to regulate our lines accordingly.

The records of most of the companies are either destroyed or still buried in the ruins and cannot be reached for some days yet, and it will be only after the rescue of such as are unburned, and the reinstatement from outside sources of many destroyed records, that the liability of the various insurance companies can be ascertained.

In our own case, while we trust that our more important records in the cashier's vault have been saved, the fire cracked open the brick chamber in which the ordinary records of daily work are kept, and destroyed its contents, including the agents' daily reports, and a vast amount of labor will be required to reinstate them. To this end, we ask our recording agents to assist us by sending us as promptly as possible copies of all daily reports representing unexpired risks, and our surveying agents to promptly send us copies of all unexpired policies obtained through them.

We have located our temporary office in the I. O. O. F. Building, northwest corner Eleventh and Franklin streets, Oakland, to which address please forward until further notice all communications.

When the unsafe walls are removed, and sufficient debris cleared away to permit, we propose to erect a temporary structure on the spot where we have done our business now for almost half a century, and we hope it may not be long ere we shall be again able to head our letters, and greet our agents on the old spot

Wm. J. Dutton, President

THE MESSAGE TO THE AGENTS

the new corporation equal to twice the par of their shares in the old company.

It seemed preposterous. However, it was the only thing to be done, the only promising thing anybody had yet suggested doing. There was the unearned premium reserve, threatened with extinction. There were the prospective renewals, a business worth far more than the new capital. But nobody had any money to take up the new stock. One of the directors, principal owner in one of the richest gold mines in the state, pulled $1.35 out of his pocket and declared it was all the cash he had. Dutton's reply was that he did not want their money; their notes would do. And he finally got the note of every director but one.

The eleventh director was skeptical and obdurate. He did not believe in the plan and refused to give his note. Without him there would be great difficulty raising the necessary amount, for it was no time to be launching new enterprises among the prostrated people of San Francisco and its vicinity; and outside the board of directors it would be hard to present the matter in an attractive light. There was a shareholder, however, whose firm owned more stock than the refractory member of the board, and he immediately saw the possibilities of the plan and wanted to help it on. He subscribed and made up the necessary amount. That was Mr. Henry Rosenfeld, now a director of the Fireman's Fund.

General plans were drawn up by President Dutton and Vice President Faymonville, the latter back by the first steamer from the Orient. These were approved by the directors, to be submitted to the stockholders, and were forwarded to the latter under date of

May 14. Three schemes were described: the first, to levy an assessment and continue business, which the directors did not recommend; second, to increase the capital stock of the company, which was dismissed as impractical; third, to organize a new company which should be known as the Firemen's Fund Insurance Corporation, a name that would advertise it as the successor to the old company—and this the board recommended. A prospectus and blank application for stock were enclosed with the circular.

The scheme at first met with general disapprobation. Charges were made that it was an effort to purloin the assets of the old company and evade its obligations. But calmer counsels made it clear that while this plan would save the agency plant and the going business of the old company, with security for the unburned policy holders, no other plan would save anything whatever.

Good names and good will combined to help bring about the new organization. The prospectus and stock application were circulated throughout the country among agents and friends of the company, and applications for stock began to come in. But there were still obstacles to be surmounted; the corporation could not begin business until it had been licensed by the insurance commissioner, and no such license could be obtained until twenty-five per cent of the capital had been paid up in cash; and under the conditions prevailing, that appeared impossible in time to protect the outstanding business of the old company. They had the notes, but not the money.

But local banks might be induced to lend on those notes, keeping the loan on deposit for added

security. On this plan Second Vice President Levison arranged for a loan of a quarter million from the Crocker-Woolworth Bank, and with the bank book as evidence and the incorporation papers from Sacramento before him, the insurance commissioner issued his certificate to the corporation. President Dutton wrote an announcement of the transaction which the manager of the Associated Press at Oakland was glad to publish broadcast. It pointed out that the new corporation, having no responsibility for San Francisco losses, was in a better position than any other in the country. The announcement soon changed cancellations of policies in the old company into substitutions of new corporation policies, saved the agency plant, good will, and renewal prospects, and the Firemen's Fund Insurance Corporation was successfully launched.

CHAPTER XXXV

THE CORPORATION

THE new corporation began its business career one month after the earthquake. Total subscriptions to the stock came to about 8200 shares at $200 a share. Subscriptions were to be paid in four installments. The corporation was not formed to bridge a temporary difficulty—it was meant to be permanent. But so little can the best informed men see into the future, that only three of these installments were ever collected.

The corporation was organized on May 16, and licensed to do business on May 19. On May 18 Directors John Bermingham, J. C. Coleman, A. A. Smith, Charles R. Bishop, George A. Newhall, William J. Dutton, Bernard Faymonville and J. B. Levison met and elected these officers: President, W. J. Dutton; Vice President, Bernard Faymonville; Second Vice President, J. B. Levison; Secretary and Treasurer, Thomas M. Gardiner. Later, Louis Weinmann was made Secretary, Gardiner retaining the treasurership. The office was established at 2420 Pacific avenue, a seal was adopted, and so the corporation was started.

Advertisements announced that it had been organized with $1,000,000 capital and $1,000,000 surplus,

and no liability for the San Francisco fire, which last condition just then gave it the advantage of every large insurance company in America.

Later, a "reinsurance treaty" or contract was drawn up between the old company and the new corporation, whereby the corporation took over the company's unburned business in San Francisco and unexpired risks elsewhere, the good will, and the agency plant.

The directors of the old company met on June 5 to determine the amount and character of compensation to be paid the new corporation for assuming or "reinsuring" the outstanding risks of the company. Terms of settlement were soon reached. The old company was relieved of all further responsibility in connection with any of its business other than the settlement of the San Francisco losses. The new corporation took over some $2,481,000 in assets.

The administrative labors of transferring the business were great. It was necessary to prepare all documents required by the insurance department of every state in the Union, in order to secure the corporation's prompt admission. Agents located in every town and hamlet in the country had to be provided with new printed supplies; and all the leading printing establishments in San Francisco were burned out and the survivors were working under most adverse conditions. But the thing was finally done, cancellations fell to normal, and the agents were soon sending business.

In the meantime the organization sustained a personal loss by the death of its veteran treasurer. On June 7, 1906, F. W. Lougee died at Petaluma in his 84th year. He was a native of New Hampshire.

The usual sixty-day period for filing proofs of loss had been, by proclamation of the insurance commissioner, extended to four months. This made it impossible to ascertain the full amount of the claims against the company until after August 18th, by which date the totals might be determined. In the meantime certain newspapers that felt obliged to express the popular suspicion and discontent assumed a censorious tone that was anything but constructive. One editorial was entitled "California's Financial Honor Covered with Mud by the Fireman's Fund." Such attacks would have been discouraging but for the fact that the officers of the old company and the new corporation were too busy to think much about them.

At the meeting of the directors of the old company on May 22nd it was resolved that a voluntary contribution of $200 a share be made to meet the obligations of the Home Fire and Marine Insurance Company and that the officers of the Fireman's Fund Insurance Company be authorized to turn over to the Home Fire and Marine Insurance Company securities to the value of $600,000. In the light of later events this proved to be a mistake.

The almost intolerable burden of trying to do business in three or four places at once called for the reconstruction of the old home as soon as possible. The walls, still standing, were utilized in part. A roof was thrown over them, the place was made habitable with temporary flooring and partitions, and the corporation moved to the corner of Sansome and California streets during the first week in July.

A league of policy holders had been formed on the call of the late Harris Weinstock and the late Frederick W. Dohrmann. This league appointed on July 23rd a special Fireman's Fund Committee. The committee had a conference with Vice President Faymonville, with a view to having the policy holders represented in the liquidation of the company and the settlement of the claims against it.

The following morning an article appeared in one of the local daily newspapers headed: "FIREMAN'S FUND ARRANGES TO QUIT." The article read, in part:

The directors of the Fireman's Fund Insurance Company have requested the Policy Holders' League, of which H. Weinstock is president, to advise with them in forming a plan for winding up the concern. The Policy Holders' League has consented, and Andrew Carrigan, Joseph A. Donahoe, and F. W. Dohrmann have been appointed an advisory committee.

Every effort will be made to save the Fireman's Fund and its companion, the Home Fire & Marine, from being thrown into the hands of a receiver. The directors express the opinion that if the expenses of court proceedings can be avoided, each company will be able to pay its creditors an average of not less than 60 cents on the dollar, and possibly a good deal more.

The action of the Policy Holders' League was taken yesterday upon receipt of a communication to President Weinstock by Bernard Faymonville, vice president of the Fireman's Fund . . . .

The communication represented to the policy holders that the investments of the local companies were in local securities, and that disaster must follow any attempt to throw these on the market in a lump. The only practical basis of settlement appeared to be part payments at stated intervals, and it was suggested that the co-operation of the policy holders was essential to the carrying out of the project.

This communication was read at a meeting of the Policy Holders' League, at the residence of Charles Holbrook, one of the

trustees of the league. It was the sense of the meeting that the directors of the Fireman's Fund had taken the best possible course in taking their policy holders into their confidence, and that every assistance should be rendered them.

Another newspaper article, appearing three days later, was headed: "OFFER TO DIVIDE SCANTY ASSETS." It read in part:

The Home Fire & Marine Insurance Company of California will be able to pay only 69⅓ cents on every dollar of its $2,050,000 loss in San Francisco.

Its directors, who announced the practical insolvency of the company last week, propose to divide the assets of the company equally among all the creditors, in this case the policy holders. They ask the insured to consent to this method of going out of business as the cheapest for all concerned. The policy holders will meet and decide whether they will consent to this plan or ask a settlement through the courts.

The Fireman's Fund Insurance Company, which owns the Home Fire & Marine, will make its first payment on its policies August 18. This payment will be but a small percentage of the face values. President W. J. Dutton said last night that the Fireman's Fund assets will probably not be more than 75 per cent of its losses, although he cannot make an exact estimate at the present time.

Policy holders of these two California companies still have the personal liability law by which they may be able to realize an additional settlement over the assets apportioned among them. . . . Some of the stockholders of the Home Fire & Marine and the Fireman's Fund are rich men and will undoubtedly pay their share of the debt left after the division of the assets. Many of the stockholders, however, are ruined financially by the failure of these two companies, and will be unable to pay their share.

The organized policy holders of the Home Fire & Marine met at 911 Laguna street yesterday afternoon to discuss a letter from President Dutton explaining the exact position of his company. This letter gives the total loss of the company as $2,050,000, which includes the $350,000 loss of the Pacific Underwriters, for which it is responsible as reinsurer. The assets, including capital, surplus,

OFFICE

FIREMEN'S FUND INSURANCE CORPORATION

OF SAN FRANCISCO, CALIFORNIA

CORNER SANSOME AND CALIFORNIA STREETS

SAN FRANCISCO, CAL., July 30, 1906.

STATEMENT

This new Corporation was organized May 16, 1906, with a capital stock of $1,000,000, divided into 10,000 shares of $100 each, and in addition thereto a net Surplus of $1,000,000 payable in quarterly installments of $500,000 each. Over $540,000 has already been paid in in cash. Succeeding quarterly payments fall due September 20 and December 20, 1906, and March 20, 1907.

The Corporation was licensed to do an insurance business by the California Insurance Commissioner on May 19, 1906.

IT HAS NO LIABILITIES IN THE DESTROYED DISTRICT OF SAN FRANCISCO, AND IS NOT EFFECTED BY THAT CALAMITY.

This new Corporation, even at this time, is financially stronger than most insurance companies operating on the Pacific Coast.

It has assumed the outstanding, unburned liability of the old Fireman's Fund Insurance Company, for which service it has received adequate payment. This compensation, together with the cash paid in by the stockholders of the new Corporation brings its present cash assets up to nearly $3,000,000, all of which is available for meeting its liabilities under policies, contracts or guarantees.

The guarantee of the new Corporation will be endorsed on all policies of the old Fireman's Fund Insurance Company not involved in any loss, if the policy-holders will present their policies to the agents of the old Fireman's Fund.

W. J. DUTTON, President.

ANNOUNCING THE NEW CORPORATION

and $600,000 advanced by the Fireman's Fund, are $1,415,000. This amount may be increased by the failure of many unburned insured to call for their unearned premiums.

Dutton states that the Home Fire & Marine believed it was solvent and wrote new business until it saw that it was sure to lose a good share of its reinsurance money. Then it stopped. It also expected to secure about 25 per cent of its losses by salvage, but this salvage did not materialize. Acting in the belief that it was solvent, states President Dutton, it paid out $238,000 in settlement of losses. As soon as the Home Fire & Marine discovered its insolvency it ceased to make settlements.

The organized policy holders will meet next Monday evening at 8 o'clock to make final decision on the plan of the directors of the Home Fire & Marine to distribute the assets of that company without assistance from the courts.

Such articles, and the formation of the policy holders' committee, were expressive of the general belief that the old company was doomed and its liquidation inevitable. Not yet was its whole liability clear, but enough was known to make it impossible to promise the full discharge of its obligations, for the funds with which to do it did not exist.

It should be understood that the old company was regarded as a thing of the past and that when the new corporation was formed there was no idea of its being retired. The Fireman's Fund Insurance Company was dead but not yet buried. It was thought for a while that its executors might pay 75 cents on the dollar, but as proofs of loss piled in at the approach of the date of expiration for filing, it was evident that even that modest program could never be performed. And the new corporation was so involved in the affairs and fate of the old company that it was seen to be imperiled.

This conviction, growing in the minds of certain

officers, put another phase on the case. The corporation had numbers of new stockholders who had invested their money in what looked like a promising business based on the history and organization of the old Fireman's Fund. But if the new corporation was now to perish, their investments would be involved. There would be neither Fireman's nor Firemen's Fund, company nor corporation. It does not take long to state such a fact, but it may be a long time making itself known.

And when the grim prospect became finally apparent, it evoked a plan no less bold than the resurrection of a dead insurance company that was waiting to be buried under a load of debt and obloquy.

CHAPTER XXXVI

THE REHABILITATION SCHEME

THE plan of rehabilitation did not spring from the ground complete. It had to grow. During the days of darkest discouragement, on August 4, to be specific, Second Vice President Levison went into the office of President Dutton and there found the late Henry T. Scott, the man who, associated in the Union Iron Works with his brother, the late Irving M. Scott, had built the battleship *Oregon*, the first cruiser *Charleston*, the Japanese cruiser *Chitose*, and many others.

Henry T. Scott was an industrial and a financial power in San Francisco. He was president of the Mercantile Trust Company and of the Pacific Telephone and Telegraph Company, he was executor of the Crocker estate, and he was also a policy holder for large amounts, though not a stockholder, in the Fireman's Fund. He was leaving as Levison entered, and Levison heard him say that President Dutton could count on him to do everything he could to be helpful. Mr. Scott afterwards admitted he had called to suggest that the Mercantile Trust Company be appointed receiver, but hadn't the heart to speak of a receivership when he saw how deeply President Dutton was affected.

Henry Scott's call was a most fortunate event. It confirmed in Levison's mind the idea that there must be a substantial public interest in the Fireman's Fund, a friendship and sympathy on which its rehabilitation might be built.

That was the first thought—that it might be rehabilitated. But how? Levison first considered a compromise with the claimants and a settlement in some form of scrip, to be redeemed out of future profits. There were still two weeks for filing proofs of loss, and it looked as though it might be possible to pay 75 cents on the dollar in cash, if the policy holders would accept. President Dutton thought well of the idea, and telegraphed Manager Charles W. Kellogg of the Eastern Department at Boston to learn if the insurance commissioner of Massachusetts would regard scrip issued for the other 25 per cent as a liability against the assets. But Kellogg replied:

> Massachusetts commissioner says that he certainly considers scrip issued in payment of losses a liability, although scrip was payable only out of future profits. No such method of paying debts incurred is contemplated by Massachusetts insurance laws and moreover it would be fatal thus to handicap an insurance company.

That killed the scrip plan—but not the main project, rehabilitation. Levison began to believe that if they could assess the stockholders, issue more stock, and pay half the claims with cash and the other half with future profits or stock or in some such way the thing might be done. It was a new conception. Asking people to accept stockholders' liability when they had claims for cash was a novelty in finance.

THE HEAD OFFICE AFTER THE CONFLAGRATION

The second vice president discussed the plan with several policy holders for large sums. It was aided by the fact that proofs of loss were now accumulating so fast there was no chance of a 75-cent cash settlement. Vice President Faymonville opposed the scheme because he was engrossed with the new corporation, and it was plain that the rehabilitation of the old would involve the retirement of the new. But at this point the logic of conditions helped again, for it was becoming daily more evident that in the circumstances prevailing the company was doomed to go down and might drag the corporation with it. The company could not pay the claims against it in full, and some claimants would be certain to sue the corporation, and while such suits would undoubtedly fail, they would form the basis of attacks on the corporation's good faith and financial credit that might well be expected to ruin it, in spite of the fact that it was getting a foothold and making money.

Frank discussion often brings suggestion and help. Levison told Insurance Commissioner Myron E. Wolf about the project, at length. Wolf was sympathetic with the purpose, but quite properly declared it was not within the power of a state official to interfere in a matter of that sort and pointed out that the key to the situation was in the Policy Holders' League. If the policy holders would approve and accept the plan there would then be no active interest to oppose it, and such approval and acceptance would have the weight of authority.

President Dutton was in favor of rehabilitating the old company. At a meeting of its directors held in the rebuilt headquarters at Sansome and California streets

on August 9 he stated that its affairs had been going from bad to worse, that the hope of salvage had vanished, and that the amount due from other companies for reinsurance of excess lines could be collected only with the greatest difficulty and considerable shrinkage; but a scheme had been formulated that might succeed, and he called upon Second Vice President Levison to explain in detail the plan to rehabilitate the old company. Minutes of this meeting state:

> Mr. Levison then read a memorandum of agreement by which it was proposed that as a proof of the company's good faith and its intention to meet its obligations it will proceed to levy an assessment or assessments aggregating $300 per share, $100 to be collected in cash, and the paid-up stock of the Fireman's Fund Insurance Corporation to be transferred to and merged back into the old company as an offset for the $200 assessment against such of our stockholders as have taken stock in said corporation; that the stock of new subscribers of the corporation be accepted in exchange for an equal amount of stock in the old company, to be paid in from such stock as is forfeited through the inability of its owners to meet the assessments, and that the balance of such forfeited stock be distributed pro rata among the loss claimants signing the agreement, as an earnest of our good intent; that in consideration of the foregoing, the claimants agree to accept fifty per cent of their claims in cash and take the balance as it can be distributed to them from time to time from such portion of the profits of the company as accrues upon the stock belonging to the stockholders of record April 18, 1906, and such portion of the forfeited stock as has been issued to loss claimants.

The plan involved the reinsurance, or assumption, by the old company of the risks of the new corporation.

Agreement on the part of claimants to accept 50 per cent of their claims in cash and the rest in hopes—there was the largest obstacle.

The Policy Holders' League was the main organized representative of insurance claims arising from the great conflagration, and included thousands of claimants. Anything affecting such interests was certain to command much newspaper space. The executive committee of the league consisted of F. W. Dohrmann, Harris Weinstock, Andrew Carrigan, Joseph Donohoe, J. D. Grant, and R. M. Tobin.

There were many conferences between the second vice president of the company and the executive committee of the league, and the plan was attacked critically from every standpoint—but it survived. Important policy holders were consulted and some offered a great deal of encouragement—to them such a settlement was preferable to company insolvency and delay.

On August 14, Levison wrote Dohrmann:

San Francisco, August 14, 1906.

F. W. Dohrmann, Esq., Chairman
Executive Committee Policy Holders' League,
San Francisco.

Dear Sir:

In accordance with your request that I present to you in concrete form the various features of the proposed settlement of the Fireman's Fund Insurance Company and its subsidiary companies, with its San Francisco claimants, I beg to submit the following:—

1. That the creditors holding at least one-half of the existing fire claims against the above-named corporation will accept payment in full of said claims in the following manner, to wit:—one-half thereof in cash in United States gold coin, the remaining one-half to be paid in fully paid shares of stock in the Fireman's Fund Insurance Company—par value $100—taken at a valuation of $500 per share.

2. That the Fireman's Fund Insurance Company shall assess its shareholders $300 per share.

3. That the Fireman's Fund Insurance Company shall acquire by transfer all of the property, good will and outstanding business of the Firemen's Fund Insurance Corporation.

4. That the Fireman's Fund Insurance Company will recommend that its San Francisco claimants place their representation with the Policy Holders' League in order to facilitate just and prompt settlement, if the Board of trustees of the League desire them to do so.

5. That all claimants whose policies do not exceed $1,000 will be paid in full and in cash.

6. That all claimants whose policies exceed $1,000 and who do not become a party to the agreement will be paid 50 per cent in cash, 25 per cent in six months and 25 per cent in twelve months.

7. That the proposal of the Fireman's Fund Insurance Company being based upon the statement that the claims filed aggregate $11,500,000 gross, with estimated reinsurance recoveries of $2,500,000, it is understood that any reduction in the amount of said gross claims or increase in reinsurance recoveries shall be divided pro rata between the signers of the agreement on or before December 31, 1906, provided such division does not impair the capital stock of the company.

Yours very truly,
J. B. Levison,
2nd Vice President.

To this Dohrmann replied:

The Policy Holders' League of San Francisco
Midway Office Building
771 Market street

J. B. Levison, Esq.,
Second Vice President Firemen's Fund Insurance Corporation
California and Sansome streets, City.

Dear Sir:—

The form of the letter which you submit to us expresses substantially what we would say.

On considering the matter more fully however we have come to the conclusion that in order to get quick action, and to be more sure of success, we had better start with a meeting of policy holders

THE REBUILT HEAD OFFICE

to whom we will send this letter as an invitation to attend, enclosing a power of attorney to be sent to us if they can not be present, and at this meeting, not to discuss the details of the arrangement, but to induce the policy holders to organize under our auspices and appoint an Advisory Committee and give us full power to act or at least to negotiate.

We think however that this meeting should not be called until you can see a number of the larger policy holders, and can report to us that you have reasonable hopes to be successful.

Kindly drop in for a few minutes Thursday morning so that we may discuss this plan of action with you before having the necessary printing prepared and ordered.

Very truly yours,
F. W. Dohrmann.

This moved things a step ahead. It was decided to hold a mass meeting of policy holders at Calvary Presbyterian Church, Fillmore and Jackson streets, on August 17, and Levison drafted a form of circular calling the meeting. This circular went out from the executive committee of the league and met prompt response, aided by press publicity about so interesting a project.

CHAPTER XXXVII

THE CALVARY CHURCH MEETING

NOTWITHSTANDING the short notice given, nearly a thousand policy holders thronged the assembly hall of Calvary Church on August 17. Frederick W. Dohrmann presided. He was in the highest sense a leading citizen, a well-known merchant, a founder and past president of the Merchants' Association, and he enjoyed the confidence of the public. He was insured in the Fireman's Fund, but had no stock in it, so that neither from character nor interest could he be suspected of partiality toward it.

Mr. Dohrmann reviewed the origin and purposes of the Policy Holders' League and said in part:

One of the most perplexing questions that have presented themselves to this organization has been that of our own home company, the Fireman's Fund, and its connections. They have been in business in this city for many years. They have stood the Chicago fire, and they believed after the fire here that they could stand this calamity and pay dollar for dollar in the usual way. Unfortunately their books and papers were burned so that they were not at once in a position to know where they stood.

Early in the existence of the League they conferred with us and we with them, and we have had a number of conferences since to discuss a plan and see what can be done, first to get for the policy holders all it is possible to get; next to continue them in business, not only here in San Francisco where we need insurance very much,

and will need it still more a little later, but throughout the United States. It is therefore not only to our own interest but to that of the city and the state, if it can be accomplished, to continue them in business.

I want it understood, however, that primarily this meeting is called to represent the policy holders, and I want to say that so far as I know there is not one of the Board of Trustees who has a share of stock in the Fireman's Fund or any of its connections; that therefore they are absolutely fair and unbiased.

We do not look upon the Fireman's Fund, in spite of the fact that they are not yet out of their troubles, as in the category of some of the insurance companies with which we have to deal. These people came to us and made various suggestions to us, and were prepared and have shown their figures, and are willing to show what they can show, not having books of their own, and are more than that willing to do whatever, after full deliberation, the policy holders or their representatives want them to do. It would therefore seem as though we had not a very hard proposition before us, for when we deal with insurance people who are willing to do whatever we want them to do so you may get your rights, it should not be very hard to get those rights.

But there is ten million dollars or more insurance involved. They have assets of vast value which if thrown precipitately on the market would depreciate not only the value to the company but the value to others, and it would be a calamity to this city if these things had to be realized on immediately.

It is necessary that some way shall be found by which the company and your representatives, whoever they may be, can come together and deal with the question in a businesslike manner.

We want to submit to you that that can be done, and I wish our attorney, Mr. Redman, who has made a study of fire insurance all his life, to explain to you some of the difficulties that threaten us, and I shall take the liberty to point out to you how, according to our board of trustees, the question may be solved.

The objects Dohrmann had outlined were the recovery of claims for policy holders, protection of the market value of securities, preservation of an honorable

California institution, and the future supply of insurance as a service essential to business. Taken together these purposes formed a rather knotty problem, and the audience was evidently impressed by that fact. It gave concentrated attention, it was receptive and responsive.

L. A. Redman, attorney for the Policy Holders' League, took the floor to explain how the problem might be solved. He said, in part:

The purpose of calling you together is to submit to you that if good is to come out of this situation it is essential that some body of men be appointed to act for all, and that all will remain confident that the best will be done through that avenue, and not precipitate hasty legal action. If the latter course is adopted there can be only one result: insolvency. And you all know what that means. If attorneys are to go down next Monday to the Fireman's Fund and demand at the point of an attachment or a petition in bankruptcy the money due their clients, there can be only one result: a comparatively small dividend upon the assets the company now has.

There will also be destroyed a magnificent plant which this company has built up, not only in California but throughout the United States. No fire insurance company in the United States bears a better reputation for honesty, integrity, and fair dealing than the Fireman's Fund Insurance Company. It is a household word in insurance circles. That plant is still there. It may still be preserved. The people in the Eastern states still have confidence and are still willing to insure, and that asset will be absolutely lost by precipitate legal action. And we ask of you to avoid it, to refrain from taking such action, but to place your claims in the hands of this organization, which will cooperate with five of your representatives and work out some solution of this difficult problem.

I am authorized to say that if you will do that—simply authorize by power of attorney, by signing the roll, by registering with the Policy Holders' League—your affairs will be well taken care of and payments will begin immediately.

Under the plan that is proposed if all the holders of policies in these corporations will place their affairs with the Policy Holders'

League and your representatives, the five to be appointed on the committee today if possible, the company will know that it is secure and next week payments on policies will commence.

The funds are ready and a substantial payment can be made within a short time. The Fireman's Fund will know that precipitate action will not take place.

Under the plan the Fireman's Fund officials proposed to us, the initial step is the levying of the heaviest practicable assessment on its stockholders—an assessment which, in my judgment, if it were any higher would defeat its purpose, an assessment whereby they will realize the greatest amount, so high that if it were higher a less fund would result, and so high that if it is paid in full by all the stockholders they will be able practically to meet their entire obligations. Many of their stockholders probably will not pay it. I understand that more than a third of them do not reside in California, and you know what it means to pursue stockholders living in different states, so that necessarily there will be a shortage. But the aim is to fix an assessment which will yield the greatest fund, looking at the thing in a practical way and not theoretically.

If the officers of this company, notwithstanding the calamity that has overcome us, are willing to take off their coats and go to work and build up the company, dig it out of the ashes, I say they are entitled to our active and hearty cooperation.

A. Heynemann, representing a number of policy holders, wanted to know whether, in case they joined the league, policies would be paid at their face, or each loss would be separately adjusted. He was told by the chairman that it would be unfair to other policy holders to pay an unjust claim, so each would have to be adjusted in the regular way and according to established practice. Dohrmann continued:

Our attorney has made a fair statement to you. It may seem to you he is over-friendly with the company, but if the company places everything in our hands unqualifiedly, ready when the securities shall be sold to have our judgment on any important step, I think we are justified in saying these people are an exception in

these strenuous insurance times. There are not many like them in the insurance field just now, as you all know.

Henry T. Scott, speaking as a creditor and not as a member of the league nor a stockholder of the company, declared his belief that the plan proposed would give every policy holder twice as much as if he went to law, and he would get it in six months instead of waiting five years.

A question from the floor as to whether all policy holders would stand on equal terms brought the statement from the chair that one of the plans was to have some of the larger policy holders take stock in the company; which, if they were willing to assist in that way, would ease the strain and help the smaller policy holders. There were legal difficulties in the way of issuing promissory notes; but the company could not continue in business unless it had satisfied every proper claim.

On motion of Mr. W. H. Davis it was declared the sense of the meeting that the policy holders present appoint a committee of five to act with the Policy Holders' League in connection with the affairs of the Fireman's Fund, the committee to be or become members of the league, which was authorized to act for the claimants. And on motion of Mr. T. Cary Friedlander the chairman was charged with the naming of the committee. Numbers of those present signed applications for membership in the league, and the rehabilitation of the Fireman's Fund Insurance Company was on its way.

CHAPTER XXXVIII

CRITICAL DAYS

THE Calvary Church meeting was progress and promised settlements with some 5,500 claimants, so it was news and the newspapers gave it generous space and favorable attention. The executive committee of the Policy Holders' League circularized the policy holders of the Fireman's Fund, Home Fire and Marine, and Pacific Underwriters, describing the meeting, and saying:

The plan that appears the most feasible includes the continuance in business of the old Fireman's Fund Insurance Company, the heaviest practicable assessment on its shareholders, and payments aggregating about fifty cents on the dollar in the near future, part of which will be paid immediately upon the consummation of this arrangement—payments in addition to the fifty cents depending upon the successful working out of the proposed plans under the supervision of the League.

The form of agreement had been worked into shape and read as follows:

The undersigned creditors of the FIREMAN'S FUND INSURANCE COMPANY and of the HOME FIRE & MARINE INSURANCE COMPANY, holding policies of said corporations, or of the PACIFIC UNDERWRITERS, upon which we have made proofs of fire losses in the amounts set opposite our respective names, do hereby agree with the FIREMAN'S FUND INSURANCE COMPANY that we will accept payment in full of our

said claims, in the following manner to-wit: One-half thereof in cash in United States Gold Coin, the remaining one-half of the claim to be paid in fully paid shares of stock in the Fireman's Fund Insurance Company, par value $100.00 taken at a valuation of $500.00 per share, to be issued to each subscriber, or his order.

This agreement shall be effectual and binding upon each of us, when the creditors holding at least one-half of the existing fire-loss claims against the above-named corporations shall have signed this agreement prior to September 15th, 1906, and subject to the following conditions, namely:

1. That the Fireman's Fund Insurance Company shall assess its present shareholders three hundred (300) dollars per share, to raise in cash sufficient money to enable it to continue in business under the laws of California with an unimpaired capital of at least one million (1,000,000) dollars.

2. That it shall acquire by transfer all of the property, good will and outstanding business of the Firemen's Fund Insurance Corporation.

3. That both of said conditions shall have been fulfilled, and said payments of money and shares completed, prior to January 1st, 1907.

4. That this agreement is based upon the estimate of the Fireman's Fund Insurance Company that the gross fire losses of said Companies in the San Francisco conflagration aggregate $11,200,000, with estimated collectable re-insurance of $2,500,000; and that any reduction of the amount of said gross claims when paid, or any increase in collected re-insurance over said estimate, shall be divided pro rata among the signers of this agreement in proportion to the amount of their respective claims on or before December 31st, 1906, provided such division shall not impair the capital stock of the Fireman's Fund Insurance Company.

At the time of the Calvary Church meeting the agreement had already been signed by some of the larger policy holders, the first to sign being Henry T. Scott. But to make the scheme operative, three difficult conditions had to be met.

AGREEMENT WITH THE CLAIMANTS

The undersigned creditors of the FIREMAN'S FUND INSURANCE COMPANY and of the HOME FIRE & MARINE INSURANCE COMPANY, holding policies of said corporations, or of the PACIFIC UNDERWRITERS, upon which we have made proofs of fire losses in the amounts set opposite our respective names, do hereby agree with the FIREMAN'S FUND INSURANCE COMPANY that we will accept payment in full of our said claims in the following manner, to-wit:—One-half thereof in cash in United States Gold Coin, the remaining one-half of the claim to be paid in fully paid shares of stock in the Fireman's Fund Insurance Company, par value $100.00 taken at a valuation of $500.00 per share, to be issued to each subscriber, or his order.

This agreement shall be effectual and binding upon each of us, when the creditors holding at least one-half of the existing fire-loss claims against the above-named corporations shall have signed this agreement prior to September 15th, 1906, and subject to the following conditions, namely:

1.—That the Fireman's Fund Insurance Company shall assess its shareholders three hundred (300) dollars per share, to raise in cash sufficient money to enable it to continue in business under the laws of California with an unimpaired capital of at least one million (1,000,000) dollars.

2.—That it shall acquire by transfer all of the property, good will and outstanding business of the Firemen's Fund Insurance Corporation.

3.—That both of said conditions shall have been fulfilled, and said payments of money and shares completed, prior to January 1st, 1907.

4.—That this agreement is based upon the estimate of the Fireman's Fund Insurance Company that the gross fire losses of said Companies in the San Francisco conflagration aggregate $11,200,000, with estimated collectable reinsurance of $2,500,000; and that any reduction of the amount of said gross claims when paid, or any increase in collected reinsurance over said estimate, shall be divided pro rata among the signers of this agreement in proportion to the amount of their respective claims on or before December 31st, 1906; provided such division shall not impair the capital stock of the Fireman's Fund Insurance Company.

NAMES OF SUBSCRIBERS.	NAME OF COMPANY.	AMOUNT OF CLAIMS.

THE CONTRACT SIGNED BY POLICY HOLDERS WHICH RESULTED IN THE REVIVAL OF THE COMPANY

It would need, first, the practically unanimous approval of about 5,500 claimants; second, the collection, through an assessment of $300 a share, of enough to restore the cash capital of the company, and provide paid-up stock to supply policy holders with what they were entitled to under the settlement; third, the collection from solvent reinsurers of 100 per cent in cash, although the Fireman's Fund and its subsidiaries were going to pay but 50 per cent in cash.

These labors were divided. Vice President Faymonville undertook the collection from reinsurers. He was by this time won over to the rehabilitation enterprise; and while many of the reinsuring companies protested at paying 100 per cent when the insured company only intended to pay its policy holders 50 per cent in cash, they finally as a whole conceded the point.

Goodfellow & Eells, the company's attorneys, were consulted, and Mr. Goodfellow declared his belief that if the original company could show a receipt in good faith from a claimant for the payment of a total loss the reinsurer was bound to pay to the extent of the reinsurance, regardless of the way in which the obligation had been discharged by the original insurer. Mr. Eells supported this view by an opinion on the question of offsets to the effect that all reinsurance claims due the Fireman's Fund Insurance Company were offset and disbursed by an equal amount of insurance due from the Fireman's Fund to reinsuring companies, and there could be no question of pro rata payment, whether the Fireman's Fund became insolvent or not.

On this advice Faymonville could proceed with confidence, and he was generally successful.

President Dutton's forty years of service with the company had made him personally acquainted with a large proportion of the shareholders. On top of his other duties, which were heavy and pressing, he undertook the collection of the assessment when it came to be levied, early in November.

The campaign to obtain policy holders' signatures to the agreement was undertaken by Second Vice President Levison, directing as many men as were necessary.

A general lack of result from the effort of the league compelled this last labor. The league's circular to policy holders had included a post-card form of power-of-attorney, which, when signed, gave it authority to settle claims. There are large numbers of people that never respond to invitations or queries put forth in that manner—a high percentage of any considerable group. Soon a second circular went out from the league stating that the appeal had not met with a favorable response from a majority of the policy holders, so the league cancelled and returned the powers-of-attorney given by the minority, and advised the Fireman's Fund to submit its plan directly to its claimants.

The agreement was the charter of the company's resurrection. Renewal of the company's life would depend on its acceptance by practically all the claimants. The task of obtaining signatures seemed stupendous, but everything depended on it.

It was necessary to send men throughout San Francisco in buggies and automobiles hunting up the policy holders and shareholders, few of whom were in their old locations, so general had been the disturbance

caused by the conflagration. Many of the claimants, of course, made themselves known, even too insistently, with their demands and proofs of loss, but there was a large percentage that was hard to find.

A loss department had been opened in a residence on Turk street near Webster, and here William Sexton, with a force of adjusters, received the repeated impacts of harried and hysterical claimants, handling them as best he could when there was nothing with which to pay except promises that the company would do its best; and getting as many as possible to sign the agreement.

Adjustments were difficult in the absence of company records, and even the policies themselves, and with records of policy holders gone; but in an amazing number of cases it was possible to come to an agreement as to the amount of the claim, even when the policy was lost and forgotten. An instance was the case of the late Justice T. B. McFarland of the California Supreme Court.

The judge entered the loss department at Turk and Webster streets and said he had insurance on his household furniture. But on being asked how much, he replied in characteristic manner, "Damned if I know." The broker that had placed the business was found, but his records were burned. It was finally agreed that there had been two and possibly three policies and that the total amount was about $3,750. The judge was satisfied and so was the adjuster. It may have been a little out one way or the other, but it was not out much, nor could either party say which way.

Thus through memory, by getting policy numbers

from companies with which reinsurance had been placed, tracing through banks or other mortgagees, and even in small cases on the testimony of neighbors and acquaintances, many claims were approximately determined.

The Pacific Underwriters was an underwriter's annex of the Fireman's Fund and the Home Fire and Marine, operated by General Agent W. O. Wayman. The liability was carried two-thirds by the Fireman's Fund and one-third by the Home Fire and Marine. Wayman had a negro janitor that did a little insurance business, so there were a number of colored claimants for small amounts. They proved a happy-go-lucky lot, sympathetic, even comforting, for although many of them were destitute they didn't worry about it, but pleaded half humorously for any small settlement that could be made, provided only it could be made right away. The Chinese were much different—and the manager for another company with a large number of Chinese claimants telephoned in one morning offering to trade any number of Mongolians for a few Ethiopians.

The collection of reinsurance and the holding down of excess claims were assisted by the City Department under the management of Charles C. Nichols. Although the records of city business were totally consumed, Nichols had a pretty distinct recollection of his lines and some serviceable knowledge of the reinsuring companies; although the ascertainment of proper amounts presented much difficulty. Most of the reinsuring companies were helpful and cooperated gladly.

There were some fraudulent claims, but considering

the numbers to be dealt with they were few. Some of these had to be paid for lack of evidence against them, even when it was a moral certainty that they were unjust.

One merchant with a thick package of scorched and blackened policies was able to establish the amount of his claim through an individual office practice: all his policies were for like amounts, and all were dated on the same day of the month, so that although most of them were scorched, and illegible except for the name of the company, it was only necessary to count them to get the total.

On the whole the shareholders wanted to do what was right, and when that attitude became evident to the policy holders they began to take an interest in the reorganization plans. Moreover, in many cases the claimants began rebuilding, and found that process more absorbing than clamoring at the loss department of the Fireman's Fund for a few thousand dollars. One by one they found themselves willing to "let it ride," confident the company would do its best by them.

This eased the heaviest pressure. And when the claimants were asked to sign the agreement some did so with a pride in helping out a San Francisco institution, and perhaps a good many signed without quite understanding it, supposing it to be a routine part of the adjustment. So, slowly and laboriously and all uncertain of successful outcome, the thing was done.

Meanwhile the writing of insurance was going on through the new corporation. The agents generally were faithful to the old name.

CHAPTER XXXIX

VICTORY

AT the directors' meeting of September 1 the president was able to report good headway in obtaining policy holders' signatures to the agreement, and also that the plan of rehabilitation had the approval of the Policy Holders' League. He believed that half the company's conflagration liability would be signed up by the middle of the month. And on this showing the executive officers of the company were authorized by resolution to make a cash payment not exceeding 20 per cent on all adjusted claims, on September 12. This act was announced through the daily press, and by circular to the policy holders.

When these notices went out much less than half the claims had signed, but it was anticipated that when the policy holders knew a payment of 20 per cent in cash was to be made many more would sign, and the prophecy proved correct.

On September 12 a long queue formed, stretching from the office entrance on California street near Sansome, up California and across Leidesdorff. There were men and women of all nationalities in the cosmopolitan population of San Francisco, with claims of every sort. They were all asked to sign the agreement,

and as one after another put his or her name at the foot of the form the officers felt a mounting elation at the thought that the rehabilitation of the old company was going on before their eyes.

A meeting of the principal creditors of the company was held September 26 at the temporary quarters of the California Promotion Committee in Union Square, and in accordance with its purpose appointed an advisory committee to represent policy holders. The committee consisted of Henry T. Scott, chairman, Percy T. Morgan, Joseph D. Grant, I. W. Hellman, Jr., F. W. Van Sicklen, E. R. Lilienthal, and Charles Holbrook. This committee had an important function. Its formation was reported to the directors by President Dutton at the directors' meeting of September 27, and the officers of the company were authorized to confer with it on matters relating to the proposed settlement. The committee became interested in the rehabilitation effort and eager to help with other claimants; was of valuable assistance to promoting concert of action and in getting agreements to the compromise plan. A sample of its work appears in the following dispatch, dated October 17, 1906:

Joseph S. Tobin,
Manhattan Hotel,
New York.

The undersigned appointed at a meeting of large policy holders as a committee to represent policy holders in general has thoroughly investigated the affairs of the Fireman's Fund Insurance Company, and unhesitatingly advises that policy holders in their own interests agree to the proposed plan of settlement. Practically eight millions of liability has now accepted, and others are rapidly signing to avoid insolvency proceedings.

Mrs. Virginia Vanderbilt has twenty thousand insurance and her signature is necessary for the final realization of the scheme. We urge that you advise her to sign. Kindly reply.

Henry T. Scott, F. W. Van Sicklen, J. D. Grant, I. W. Hellman, Jr., Charles Holbrook, Percy T. Morgan, E. R. Lilienthal.

At the meeting of September 26 it had been reported that signatures to the agreement were in hand from claimants representing $6,500,000 out of $9,800,000 of adjusted losses; that claimants representing another half million might be expected to sign; and that representatives of $2,500,000 were still to be interviewed. By November 5, the unsigned claims had been reduced to $1,000,000.

The advisory committee of claimants, which had been meeting frequently and studying the progress of affairs all through the preceding month, and which after a searching investigation of the company's ability to pay had urged the policy holders to accept the plan and sign, now informed the directors that in their opinion rehabilitation was assured, and it was time to levy the assessment of $300 a share.

This was actually done on November 7. At the same meeting the executive officers were authorized to make another payment to policy holders of 30 per cent of their claims, as soon as there was cash available.

Four days later President Dutton, accompanied by Attorney Eells, departed for the Atlantic Coast to interview the eastern shareholders, especially in Hartford, where about a third of the stock was held. Here an attorney and a special agent were appointed and arrangements made for collecting the assessment. Collections were on the whole encouraging, although there

FIRST INSTALLMENT IS PAID BY THE FIREMAN'S FUND

Long Line of Policy-Holders Being Paid by the Fireman's Fund.

RECEIVING THEIR INDEMNITY

was some inevitable delinquency and more or less delay, owing to the fact that stockholders were scattered.

The second installment, of 30 per cent of adjusted losses, was paid, starting on November 27, which made 50 per cent in cash. Signing of policy holders went on apace, and by the middle of December all had signed but those representing about $750,000. Reinsurance to the extent of $1,200,000 had been collected, $750,000 had been killed by offsets, and Vice President Faymonville believed another $900,000 was certain.

These facts were reported to a meeting of the policy holders' committee on December 19. It was amazing progress, all things considered, and the policy holders' committee agreed that the rehabilitation of the old company was assured. President Dutton now proceeded to appoint committees, one from the board of the old company, the other from the board of the new corporation, to arrange the terms of reinsurance from the corporation back into the company.

The signing of policy holders on the compromise agreement had reached a point where it was evident that more stock would be necessary to carry out the company's part, so a special meeting of stockholders was called for January 10, 1907, to vote on an increase of the capital from $1,000,000 to $1,600,000.

To the assembled shareholders the president outlined the post-conflagration story of the company, and for the first time they were certain of the success of the rehabilitation plans. Vice President Faymonville described some of the difficulties of collecting reinsurance in the absence of records, but thought it a remarkable achievement under the circumstances that over

$2,500,000 had been recovered out of $3,200,000 owing, when some companies had been able to pay only in part and others refused to pay at all.

It was a cheering sort of meeting, and Second Vice President Levison called attention to the invaluable services of the Policy Holders' League, its executive committee, and the advisory committee of policy holders; and those present unanimously passed resolutions of appreciation for this assistance.

The stock increase was voted without dissent by representatives of 1,210 shares present and proxies for 6,353 more, making a total of 7,563 or considerably more than the necessary two-thirds.

At the next directors' meeting the board by resolution thanked the officers for the able manner in which they had protected the interests of the company in the crisis, and the untiring zeal with which they had fought for its reinstatement.

The behavior of the policy holders in accepting the compromise was generous and loyal. That it would turn out to their profit was not known to them at the time, but they had confidence in the Fireman's Fund. To this confidence the attitude of the Policy Holders' Advisory Committee strongly contributed. On February 1 that committee sent out the following circular over the signature of every member:

The undersigned, none of whom were stockholders in the Fireman's Fund Insurance Company, were appointed a "Policy Holders' Advisory Committee" to confer with the Officers and Directors of said Fireman's Fund Insurance Company in respect to the means and measures necessary to obtain for the San Francisco claimants of said Company the best results.

The Committee has followed the course pursued by the Com-

pany since the date of the great San Francisco disaster of April 18th, 1906, with much interest and care.

The Committee feels that the Officers in rehabilitating the Company and restoring it to such a strong financial position have, through admirable pluck and fair dealing, won a splendid victory—honorable both to the Company and to the community—over tremendously adverse circumstances, and that the Company has proved itself entitled to the confidence, good will and patronage of the agents and of the insuring public.

Meantime McLaren, Goode & Company, accountants, had been investigating the affairs of the company and their report was so favorable as to encourage the Policy Holders' Advisory Committee to urge a cash payment to claimants of 6½ per cent. Meetings of this committee were being held in the Fireman's Fund office, with Second Vice President Levison acting as secretary. Although the committee was most friendly and helpful it was not much under the secretary's control, and it properly had uppermost the interest of the policy holders.

In urging the cash payment of 6½ per cent it was now standing upon the original proposal of August 14 to the chairman of the executive committee of the Policy Holders' League and accepted by the policy holders generally; to the effect that "any reduction of the amount of said gross claims when paid, or any increase in collected reinsurance over said estimate, shall be divided pro rata among the signers of this agreement in proportion to the amount of their respective claims on or before December 31st, 1906, provided such division shall not impair the capital stock of the Fireman's Fund Insurance Company."

In vain it was pointed out that such a payment would

reduce the crippled company's surplus by $600,000 without doing any claimant any particular good just then. The members of the Advisory Committee were not made of yielding material, and notwithstanding the ambition of the officers to make the company as strong as possible after rehabilitation, there was no way to avoid the payment. Accordingly President Dutton sent out on March 12 a circular letter to loss claimants asking them to turn in their policies and receive the additional 6½ per cent.

Terms of transfer of the business of the new corporation back to the old company having been settled, the transfer was accomplished on March 31, 1907, less than a year from the date of the disaster. And next day, April 1, 1907, the following telegram was sent to branch managers and leading representatives of the company everywhere:

> The relaunching of the old Fireman's Fund Insurance Company was successfully completed today and its new banner thrown to the wind. We desire to express to our managers, agents, field men and friends our sincere appreciation of their confidence and loyal support during the past year, without which we could never have so happily overcome our tremendous difficulties.

It was soon realized by the officers of the company that its agents and the insuring public throughout the world should have authoritative information as to this unique transaction and accordingly it was suggested to the Insurance Department of the State of California that an examination of accounts should be made as of June 30th, 1907, or three months after the rehabilitation, giving time to get the machinery of the company in motion. Accordingly the insurance commissioner

appointed S. H. Wolfe of New York, one of the leading actuaries of the country, to make this examination.

Mr. Wolfe, after a thorough investigation, reported that the company, rehabilitated, had total assets of $5,345,000, a cash capital of $1,600,000 and surplus over all liabilities of $579,000, and concluded:

> It is difficult to imagine any institution being subjected to a more severe test than was the Fireman's Fund Insurance Company. It has emerged from it with its reputation untarnished and its excellent plant intact. The credit for this happy result belongs in great part to the loyalty of the officers and employees and to the remarkable plan of rehabilitating an institution which had practically been wiped out by an unusual catastrophe, but in the final summing up, due credit must be given to the loyalty of the claimants in San Francisco who united with the officers in an endeavor to prevent the extinction of a Company which had enjoyed so many years of honorable dealing with its policy holders.

The entire Wolfe report will be found in the Appendix.

With the conflagration claims settled, the outstanding business back on the books, and its treatment of policy holders and shareholders officially approved by the Insurance Department of the State of California, the old company was started once more on its course, which from that time on has been one of prosperity and success.

In a signed statement President J. B. Levison has said of this part of the company's history:

> The proud achievement could never have been accomplished had it not been for enthusiastic and unswerving loyalty and confidence on the part of the many thousands of agents of the company, together with the tireless energy and devotion of officers, department managers, field force and employees.

The sympathetic friendship and assistance of executives and staffs of insurance companies generally throughout the country, unparalleled in the annals of insurance, can never be forgotten. It stands as an enduring monument to the men in the insurance business.

And, finally, the extraordinary support and interest evidenced in every manner and from every direction by the citizenry of San Francisco played a part of the greatest importance in the successful outcome of this, the most romantic event in the history of insurance.

CHAPTER XL

HOW THE POLICY HOLDERS FARED

HOW have those policy holders fared who accepted the plan of compromise that revived the old company, and who took advantage of stock subscription rights as shareholders and have held their stock? Twenty-two years after the disaster an analysis was made to disclose the position of such stockholders. The showing is remarkable among financial operations.

A claimant with a policy for, say $10,000, received 56½ per cent in cash or $5,650, and 10 shares of stock representing the unpaid balance of $4,350.

Dividends on these 10 shares of stock from January, 1908, when the company resumed dividends, to and including January, 1920, when the capital stock was increased, amounted to $2,020.

In March, 1920, if the shareholder-policy holder availed himself of the privilege, 10 additional shares were purchased for $1,500.

Dividends on 20 shares from April, 1920, to and including April, 1925, when the capital stock was again increased, amounted to $2,520.

In March, 1925, the capital stock was increased from $3,000,000 (30,000 shares at $100 par value) to $5,000,000 (200,000 shares at $25 par value) which

gave each shareholder four shares of the new stock (par value $25) for each share of the old stock then held.

If the shareholder-policy holder availed himself of his rights he added to his holdings 53 new shares at $37.50 per share or a further investment of $1,987.50.

From July, 1925, to and including April, 1928, dividends on his 133 shares amounted to $1,995, and the market value of his stock at this date was $16,093.

In other words, the total dividends received together with the present value of the stock amount to $22,628 against an original investment (amount of unpaid loss) of $4,350 plus two cash investments of $1,500 and $1,987.50 respectively. This brings the actual investment up to $7,837.50 and if the usual interest is added it will be seen that there is still a handsome credit balance left.

The final outcome to shareholders who honorably and at great sacrifice paid their assessment should go hand in hand with the statement showing how the stockholder-policy holder fared.

A stockholder who had, say, 10 shares, paid an assessment of $3,000 on account of the San Francisco conflagration.

Dividends on these 10 shares from January, 1908, to and including January, 1920, when the capital stock was increased, amounted to $2,020.

In March, 1920, 10 additional shares were purchased for $1,500.

Dividends on 20 shares from April, 1920, to and including April, 1925, amounted to $2,520.

In March, 1925, the capital stock was increased as already indicated which entitled the shareholder to 53

San Francisco, February 1st, 1907

The undersigned, none of whom were stockholders in the Fireman's Fund Insurance Company, were appointed a "POLICY HOLDERS' ADVISORY COMMITTEE" to confer with the Officers and Directors of said FIREMAN'S FUND INSURANCE COMPANY in respect to the means and measures necessary to obtain for the San Francisco claimants of said Company the best results.

The Committee has followed the course pursued by the Company since the date of the great San Francisco disaster of April 18th, 1906, with much interest and care.

The Committee feels that the Officers in rehabilitating the Company, and restoring it to such a strong financial position have, through admirable pluck and fair dealing, won a splendid victory - honorable both to the Company and to the community - over tremendously adverse circumstances, and that the Company has proven itself entitled to the confidence, good-will and patronage of the Agents and of the insuring public.

THE POLICY HOLDERS' ADVISORY COMMITTEE

by T. J. Coo Chairman.

D. D. Sellman

J. D. Grant.

Wm. Alvord

F. W. Van Sicklen

E. T. Kittentag

Charles Holbrook

additional shares at $37.50 per share, or a further investment of $1,987.50.

The stockholder's total holdings now amounted to 133 shares upon which the dividends from July, 1925, to and including April, 1928, amount to $1,995.

The market value of these 133 shares was in April, 1928, $16,093.

The total dividends received plus the value of the stock, amounted to $19,284.

The assessment of $3,000 together with the purchase price of additional shares, $3,487.50, amounted to $6,487.50.

The value of the stock just before the fire was $425 per share or 10 shares, $4,250.

It is evident, therefore, that with the usual interest added, from an actual and practical business point of view, the shareholder who paid his assessment has come out with a generous profit.

CHAPTER XLI

CARRYING ON

SOMEONE has said that the success of a nation or of a news stand springs from an act of courage. The offer to pay off half a liability with stock that at the time represented greater liability seemed to pass the line between courage and audacity.

The best thing that can be said about the plan of resurrection is that it worked. The agency plant was saved, the security for "unburned" policy holders was maintained without interruption, the Fireman's Fund had settled the largest loss ever sustained by any single insurance company in the history of underwriting, and had done it without one lawsuit; and the shareholders that could pay their assessments, and the loss claimants that took stock for half their claims, gained by it.

San Francisco entered on a period of great activity after its earthquake and fire, an activity in which the Fireman's Fund necessarily shared. The company's general financial experience after the Chicago conflagration was repeated: business grew out of adversity. By January, 1908, the Fireman's Fund was able to resume dividends. It paid 10 per cent a year for two years. In 1910 it paid 15 per cent, in 1911 it paid 12 per cent, and then it paid 16 per cent a year until 1917

when an extra dividend of 10 per cent was added. In 1918 it paid 20 per cent, in 1919 it paid 23 per cent, and in 1920 went on a 24 per cent basis which it maintained until 1924. In 1925 it paid 22 per cent, and then went on a 20 per cent basis, on which it now operates.

The organization having, in June, 1906, lost by death Mr. F. W. Lougee, its venerable treasurer, Mr. Thomas M. Gardiner was elected treasurer at the next annual meeting. Gardiner is a native of California, born at Sacramento in 1860. To his education at St. Augustine's college, Benicia, he added a course in business college, followed by a diversified commercial experience. In 1883 he entered the service of the Fireman's Fund as expiration clerk at the head office, and a few years later succeeded Charles S. Wood as cashier. Gardiner is at this writing treasurer of the Fireman's Fund Insurance Company and the Home Fire and Marine.

Organization changes occurred after the fire, some good and some bad, like the rest of life. In 1909 Charles W. Kellogg of the Eastern Department died. He had ably represented the company, and had built his department so that a good succession was assured. Mr. Arthur K. Simpson took his place as manager.

By January, 1911, *Rough Notes* could say:

> After being wiped completely off the underwriting map by the San Francisco conflagration, the Fireman's Fund Insurance Company of the Golden Gate City not only came back but is greater today as a financial institution than it was in the past—and it was one of the big companies before the fire. Its annual statement showing conditions on January 1, 1911, presents assets of over eight

millions, which is greater than the assets of the company in 1905, just preceding the great crisis year of the conflagration, at which time the Fireman's Fund had reached its highest point as to financial strength. This annual statement also shows the unearned premium reserve to be more than a half million larger than was the same item in 1905.

At this time, 1911, the company ranked third in the United States in respect to volume of marine insurance premiums. The business in general had grown so heavy that it was found necessary to relieve Second Vice President Levison of the direct pressure of the duties of marine secretary, which he had held for over twenty years, and Mr. Alonzo W. Follansbee, Jr., was appointed to that position as Levison's assistant in the marine business. The appointment was made January 18.

Though hardly to be regarded as a controlling consideration, there was a distinctly salty savor about this promotion. The new marine secretary was born in San Francisco in 1873. He came of seafaring people—is the grandson of that Captain Alonzo Follansbee of Boston who, as before recited, had carried the first consignment of grain from San Francisco to Liverpool in the barque *Greenfield*, in 1855.

Mr. John S. French was promoted to his present position of assistant secretary in January, 1912. French was born in San Francisco in 1872. Educated in the public schools and business college he went to work for an insurance company when he was 16. Two years later he was given employment as mailing clerk with the Fireman's Fund. In 1900 he was made special agent with the title of home office assistant. In October, 1924, Mr. French was put in charge of the head office loss department.

The Fireman's Fund Insurance Company rounded out a half century of service in 1913. It was an occasion for taking stock of that pride which gives people confidence in themselves and joy in their work.

The company issued to all its agents a card calling attention to its golden jubilee year. President Dutton summoned to San Francisco all the department managers: Marshall & McElhone from Chicago, A. K. Simpson from Boston, Edgar S. Wilson from Macon, Georgia, Franz Herrmann, manager of the Atlantic Marine Department; the company's fiscal agent at Hartford, Mr. Silas Chapman, Jr., and its Philadelphia agent, Mr. Charles Platt, Jr. A banquet was held at the Fairmont Hotel at which congratulations to officers, directors, and stockholders were offered in the course of many cordial speeches. In 50 years the company had paid more than fifty millions in losses and over a million in dividends. Its income for 1912 had been nearly six millions.

On February 19 the necessary legal steps were taken to extend the life of the company.

CHAPTER XLII

COVERING THE MOTOR CAR

TOWARD the close of the nineteenth century there began to evolve the miracle of individual transportation, through a new form of property exposed to extraordinary and unforeseen hazards. It was a property propelled by explosions, and it involved the moral risk attendant on unexpected damage and rapid wear and tear, especially in the experimental stages.

As it first appeared, the automobile was an insurance puzzle. And with astonishing rapidity the values have run into the billions. Even in the early years of the automotive industry it was evident that although the field was speculative, it would soon be too large to neglect.

Automobile insurance originated in England about 1897, the first policies having been written by Lloyd's. These policies were written under a marine cover, owing to the fact that marine companies were accustomed to insuring risks of a movable or floater type, whereas risks under fire insurance were stationary. For many years this branch of underwriting followed marine methods. A few American companies wrote a little of the business, but for some time nothing

was attempted on a general scale; and organizations devoted exclusively to fire insurance were not at first interested, and not equipped to handle it.

The Fireman's Fund, however, was in the marine business, and it had an agency plant covering the country. Early in 1905 Marine Secretary Levison, who was also second vice president, was visiting the Atlantic Marine Department of the company, at New York, when its manager suggested entering the automobile field. The marine secretary became impressed with the growing possibilities of the business, and on his return to San Francisco mentioned the matter to President Dutton—who said:

"Levison, if you haven't troubles enough now, try writing a new line of insurance."

Thus encouraged, Mr. Levison went ahead. Policy forms for the new business were developed in collaboration with the Atlantic Marine office. The company's automobile department was at first known as the Automobile Branch of the Marine Department.

The first automobile policies were revised motor boat policies, some companies having become accustomed to rating the internal combustion engine risk in that form. Motor car owners were at first insured against fire and collision only; the risk taking the rate of the building in which the machine was stored. But lack of logic was soon evident at this point, for a car might be in a concrete building one night and the next night in a shed built against a mattress factory. All such new hazards had to be studied and rated. The first policies were "valued contracts" written for a year.

The Fireman's Fund was among the first companies to add theft coverage to the policy contract. This was to provide for all loss by theft in excess of $25—and the insured warranted that there would be no claim for loss or damage in consequence of violation of ordinances or police regulations; also, that the machine was in good order and not involved in litigation or dispute. A troublesome problem arose when the manufacturers began to sell cars on the installment plan. Contrary to present practice, cars bought in that manner were not at first insurable.

The Fireman's Fund was the first American company to enter the business on a nation-wide scale, but it commenced its writing of automobile insurance in the eastern states.

The first motor car policy written by the Fireman's Fund was issued by its Atlantic Marine Department early in 1906.

The head office at San Francisco issued its first policy on March 1, 1906, insuring the owner of a Pierce-Arrow automobile against the hazards of fire, collision and theft; the fire and theft risks being written at the rate of 6 per cent and the collision at 3 per cent. The last risk was written on a $25 deductible form. The amount was $5,000 and the premium $450.

The new department had been organized, the new policy forms were about to be shipped to agents, business had begun and the head office had taken in about $22,000 on it, when the San Francisco earthquake and fire came along and suspended the operations of the automobile branch. The printed stock at the head office was totally destroyed; but enough samples were

OFFICE OF THE

FIREMAN'S FUND INSURANCE COMPANY

OF SAN FRANCISCO

ANNOUNCEMENT

THE BOARD OF DIRECTORS
OF THE
FIREMAN'S FUND INSURANCE COMPANY

BEGS TO ANNOUNCE THAT, ACTING ON HIS EXPRESSED WISH,

MR. W. J. DUTTON

RETIRED FROM THE PRESIDENCY OF THIS COMPANY ON JANUARY 21ST, 1914

IN MEETING MR. DUTTON'S DESIRE TO BE RELIEVED OF FURTHER OFFICIAL DUTIES THIS BOARD HEREBY EXPRESSES ITS GREAT APPRECIATION OF THE LOYALTY, FIDELITY AND ABILITY THAT HAVE EVER GOVERNED HIS FORTY-SEVEN YEARS OF CONTINUOUS SERVICE WITH THE COMPANY, ESTABLISHING WHAT THE BOARD DEEMS TO BE A RECORD UNIQUE IN THE HISTORY OF CORPORATIONS.

MR. DUTTON WILL RETAIN HIS CONNECTION WITH THE COMPANY AS AN ACTIVE MEMBER OF THE BOARD OF DIRECTORS.

THE BOARD WISHES FURTHER TO ANNOUNCE THAT

MR. BERNARD FAYMONVILLE

FORMERLY VICE-PRESIDENT, WAS ELECTED PRESIDENT OF THE COMPANY, AND THAT

MR. J. B. LEVISON

FORMERLY SECOND VICE-PRESIDENT, WAS ELECTED VICE-PRESIDENT OF THE COMPANY ON THE ABOVE DATE.

THESE GENTLEMEN NEED NO INTRODUCTION TO THE COMPANY'S AGENTS AND FRIENDS.

MR. FAYMONVILLE HAS BEEN CONTINUOUSLY IN THE SERVICE OF THE COMPANY FOR THIRTY-TWO YEARS, FIRST AS SPECIAL AGENT, THEN SUCCESSIVELY AS ASSISTANT SECRETARY, SECRETARY, SECOND VICE-PRESIDENT, AND SINCE 1900 AS VICE-PRESIDENT.

MR. LEVISON HAS BEEN CONNECTED WITH THE COMPANY FOR TWENTY-THREE YEARS FIRST AS MARINE SECRETARY, AND LATER AS SECOND VICE-PRESIDENT.

THE BOARD OF DIRECTORS ENTERTAINS THE HOPE THAT THERE WILL BE EXTENDED TO THE NEW ADMINISTRATION THAT SUBSTANTIAL GOOD WILL AND KINDLY CONSIDERATION THAT HAS BEEN ENJOYED BY THE COMPANY AND ITS OFFICERS IN THE PAST, AND WHICH GOOD WILL HAS BEEN SO POTENT AN ELEMENT IN THE COMPANY'S PROGRESS AND SUCCESS.

SAN FRANCISCO, JANUARY 22ND, 1914.

PRESIDENT DUTTON RETIRES

recovered to enable the company to go ahead when the suitable time arrived. Meanwhile far more serious labor had devolved on the company officials and employees. And it was not until 1907 that automobile insurance could be resumed. But it was resumed, and in that year yielded in premiums $143,200.

The development of the policy and insurance practice in this branch continued.

Originally it was necessary, to insure an automobile properly, to secure fire, transportation and theft insurance from one company, and liability, property damage and collision from another. To eliminate the necessity of having two policies covering one automobile, a policy known as the "five point automobile combination policy" was devised—a form that is now in use by practically all companies.

Coverages have increased from that of fire, theft, and collision, to such hazards as property damage, conversion, confiscation, vendor's single interest, tornado, cyclone, windstorm, hail, earthquake, explosion, accidental and external discharge, and leakage of water.

In 1912 regional organizations were formed for the purpose of maintaining rates and forms and for the establishment of ethical practices. These organizations promulgated advisory rates, made on a basis of the original list price; and as the manufacturers increased their output, which enabled them to reduce the cost, there were kaleidoscopic changes in list prices and consequently in the rates for insurance. This form of rating has now been changed so that it is more or less on an experience basis.

By 1918 the Fireman's Fund Insurance Company's premiums from this branch of its business were $1,631,693. In 1927 its total Pacific Coast premiums amounted to $1,642,404, as contrasted with $143,200 twenty years before; and for the United States its automobile premiums reached a total of $4,302,723.

CHAPTER XLIII

RETIREMENTS AND SUCCESSIONS

TIMES had been changing and human relations had progressed since the days of long office hours and stand-up desks. It had been working its way into the general consciousness for a generation that humanitarianism had claims on industry and business, and in fact was even good for them. In one form, retirement of employees on pension, it recognized the life of faithful service and cleared the way for younger men.

In January, 1914, a system of retirement long contemplated by the directors and urged by the officers was put into operation. Under this system retirement was accepted by two officers of the Fireman's Fund who had served it longest, and who had become in the period of their service two of the most widely known individuals in the fire insurance field.

The first to retire under the new system was the man who had become the dean of the underwriting profession on the Pacific Coast and is at this writing one of the most respected figures on California street: William J. Dutton, 47 years an employee of the Fireman's Fund, and 14 years its president. The board of directors decided at the beginning of the new year that

President Dutton had earned retirement and that the relief he desired should be granted him without further delay. His retirement dated from the directors' meeting on January 21, 1914. The company has continued to enjoy at the council table the benefit of his underwriting experience.

The other retiring officer at this time was William Sexton, chief adjuster of the company and editor of its house organ, the *Fireman's Fund Record*, through which he had promulgated sound insurance doctrine for a generation. Sexton had the affection of the whole insurance fraternity, which rejoiced to know that leisure had come to him while he was still able to enjoy it.

Promotions to fill the vacancies thus caused were orderly and regular, in harmony with Fireman's Fund tradition and confidence in home talent. Bernard Faymonville, first vice president, was elected president, and Jacob B. Levison, second vice president, became first vice president. Charles R. Thompson, who had been the company's special agent and adjuster for the northwest since 1903, succeeded William Sexton as general adjuster.

Frederick H. McElhone, one of the joint managers of the Central Department, died at his home in Hinsdale, Illinois, on March 13, 1914. No successor was appointed at the time, but Mr. William A. Chapman was made assistant manager, and the department carried on under the management of John Marshall, Jr.

Another loss in personnel occurred in 1914 through the death on April 23 of Manager Edgar S. Wilson of the Southeastern Department. Mr. Wilson was an able

underwriter, and high in the councils of the Southeastern Underwriting Association. He had filled the duties of his office with credit to himself and profit to his company. To succeed Mr. Wilson, President Faymonville appointed the assistant manager of the Southeastern Department, Mr. Edgar T. Gentry.

Mr. Charles R. Page had been for many years general adjuster in the marine and automobile departments at the home office, and in January, 1915, he was appointed general auditor of the company.

The venerable Charles Reed Bishop, of the Bank of California, a director of the Fireman's Fund, the man that had married an Hawaiian princess and had been privy councillor to several Hawaiian kings, died at his home in Berkeley, June 7, 1915, at the age of 93. He was succeeded on the board by Mr. Frank B. Anderson, then president of the Bank of California.

William Sexton, dean of Pacific Coast adjusters and master of adjustment theory and practice, died at San Jose, July 17, 1916.

CHAPTER XLIV

REBUILDING

THERE could be no better "outward and visible signs" of the revival of the Fireman's Fund Insurance Company than the buildings it has erected since a little group of its officers and employees stood in the ashes of a ruined city 23 years ago and faced the desolation of their company's burned abode. Not only was the Fireman's Fund revived, but it contributed its share to the rebuilding of its home city.

The resurrection of the company involved a long period of struggle and recovery. The corporation was formed, in the manner and with the object already recited. The company was saved and revived, and it then took over the business of the corporation. But the corporation had not only paid dividends, it had acquired a surplus that would have permitted the return of the capital and 30 per cent more, had it all been in cash—a demonstration of the wisdom that had saved the agency plant and good will of the old company.

This surplus, however, was not all of liquid character. A large part consisted of the assets of the Home Fire and Marine Insurance Company, owned by the Fireman's Fund Insurance Company, which was liable for its losses—assets which had been turned over to the

corporation in part payment for its assumption of the Home's conflagration liabilities.

The liquid assets of the Home had been sold; but there remained a lot covered with bricks on the southeast corner of California and Leidesdorff streets. This was a holding with a large prospective value, but in the warm days of April, 1906, there had been a tremendous over-production of vacant lots, and while this one was in the midst of ashes and ruins it could not be sold. Adjoining it was a lot as large belonging to the Fireman's Fund Insurance Company, which could not be sold either, which the company did not need for its own offices, and which it did not at this time feel strong enough to improve. These two lots would carry a fine building, and moreover they had been the site of a nest of insurance agencies, which, it was expected, would wish to return to their old locations.

Many of the stockholders of the new corporation lived in the eastern states, and had taken stock in the expectation of continuous dividends. A certain percentage of them had no interest in the old company. The corporation had done its work and was about to be liquidated, and the old company, which had been saved by it, felt that some compensation was owing these stockholders for the disturbance of their investments. If a building could be erected on the two vacant lots at California and Leidesdorff streets, it would shelter a considerable part of the local insurance business and anchor it in its old location, improve the financial center and help rebuild the city, and give these corporation stockholders a distribution of the 30 per cent surplus, and a good investment in place of the one they were

about to lose. But inasmuch as such an enterprise could not produce dividends until the building was completed and tenanted, which might take a year or two, there would be an interruption of dividends, and there would have to be some compensation for that. So the stockholders were offered stock in this realty enterprise of 37½ per cent in lieu of the 30 per cent surplus.

A building company was organized on a basis of $600,000 capital, but as not all the capital was needed the stock issued was limited to $500,000, and the property was bonded for another $500,000.

The stock was quickly subscribed and the Bank of California assumed the handling of the half-million bond issue. In the final issue of stock the total was found to be $463,500, which was sufficient. When all the bonds were floated, the building completed, and all bills paid, the cost was found to be a little over $600,000. Willis Polk & Co. were the architects.

The Insurance Exchange is a handsome building, 11 stories high, with support for three more in the future. Final plans were approved in August, 1912, and the building was opened for business in January, 1914. Not all the prospective tenants could get in on the ground floor, so some went elsewhere, but their places were soon taken.

The ruins of the old head office building at Sansome and California had been partly roofed over and walled in, and equipped with temporary floors and partitions, three months after the disaster of 1906. Two years before that disaster, it had been proposed to hold a world's exposition at San Francisco in 1915; and when the city had sufficiently recovered, the proposal was revived

BERNARD FAYMONVILLE

PRESIDENT, 1914-1917

and plans took shape for what became the Panama-Pacific International Exposition. The Fireman's Fund Insurance Company was progressing with the rest of the community and its officials began to feel that when exposition visitors arrived from all parts of the world the company should be housed in something better than a reconstructed ruin.

Early in 1914 plans were adopted for a new building on the old site. The offices removed temporarily to the Insurance Exchange Building, and the new home was begun on the same corner, Sansome and California streets, where the old home had stood for forty years. The cornerstone was laid on October 7, 1914, with the usual contents of historic material, contemporary portraits, and other souvenirs.

The new building covers twice the area of the original. When eastern managers assemble at San Francisco once a year they can take pride in the headquarters of the company they represent.

The architect was Lewis P. Hobart, of San Francisco. The material is steel and concrete, and the whole is a model of fire resistant construction, as becomes the home of a fire insurance company. There are four complete floors, and a roof garden concealed by the parapet. In the basement is a well equipped printing plant, with three presses, for the production of the company's stationery supplies—a part of the organization's equipment well justified by its economy.

The covering materials include a base of soft-toned Indiana limestone, bearing columns of terra cotta, 41 feet in height. Within, the large open area on the ground floor makes an impressive entrance hall, 75 by

80 feet, lighted on three sides. The building was designed to complement the Bank of California, across California street; to balance it and give unity to the intersection as a portal to the city's financial center.

The Fireman's Fund moved in, June 15, 1915. It was the Exposition year in San Francisco, and it was also a year of active building construction, war was raging in Europe, and no particular ceremony was made to mark the event, although there was a sort of house warming, when officers of the company kept open house as of yore, and the new home received an informal dedication.

The new building was about twice as large as necessary, but it was hoped that in time it would all be occupied. Careful calculation showed that it would accommodate the normal growth of the company for the next 13 or 15 years. Within four years it was outgrown and the offices had overflowed into the Insurance Exchange.

This forced the company to buy another site on the southerly side of the main office structure. The lot had a two-story building on it. Title passed September 2, 1920. The company occupied the building for about four years, and then tore it down and erected in its place the ten-story gray stone structure known as 233 Sansome Street, in order to obtain additional office space without making undesirable changes in the architecture of the home office building. The architects of the new building were Weeks & Day. The company moved some of its offices in during September, 1925, occupying two floors and part of a third, and the other offices were ready for tenants in December.

Bridges were thrown across the alley at the second and third floor levels. The directors have a meeting room on the eighth floor; and the company at this writing occupies almost half the building.

Altogether, an area of 137½ feet by 193, comprising the whole frontage on California street between Sansome and Leidesdorff except for alleys and light wells has been covered with modern buildings by the development of the Fireman's Fund.

CHAPTER XLV

THE EXPOSITION OF 1915

THE Panama-Pacific International Exposition of 1915 opened at San Francisco with the world's greatest war raging in Europe. The Exposition management had decided to give underwriting recognition among the arts by holding the first World's Insurance Congress.

By the time set for the congress, October 4 to 14, the idea had received added impulse from the fact of the war itself, for in the midst of a destruction threatening to spread around the world and overwhelm mankind, the idea of security arose as a paramount interest.

In the fire and marine fields, the Fireman's Fund stood in the position of a sort of host to delegates gathered from all over the country. It had proved its own stability; had survived earthquake and fire, had rehabilitated its finances and rebuilt its ruined home, which last activity it undertook in anticipation of the exposition and completed during the Exposition year. It was a symbol of the energy and character that had restored San Francisco, and that restoration was in itself the best thing San Francisco had to exhibit to her visitors, as it was the greatest exhibit of insurance benefits.

As an element of the community the Fireman's

OFFICE OF THE

FIREMAN'S FUND INSURANCE COMPANY

OF SAN FRANCISCO

ANNOUNCEMENT

THE BOARD OF DIRECTORS
OF THE
FIREMAN'S FUND INSURANCE COMPANY

ANNOUNCES THE RETIREMENT FROM THIS DATE OF

MR. BERNARD FAYMONVILLE

FROM THE PRESIDENCY OF THIS COMPANY

IN THE THIRTY-FIVE YEARS DURING WHICH HE HAS SUCCESSIVELY FILLED THE OFFICE OF SPECIAL AGENT, ASSISTANT SECRETARY, VICE-PRESIDENT AND PRESIDENT OF THIS COMPANY, MR. FAYMONVILLE'S UNTIRING INDUSTRY AND UNVARYING COURTESY HAS MADE HIM HOSTS OF FRIENDS WHO WILL JOIN US IN REGRET THAT IMPAIRED HEALTH MAKES HIS RETIREMENT NECESSARY AND IN THE EARNEST HOPE THAT RELIEF FROM THE CARES OF ACTIVE BUSINESS MAY IN DUE COURSE RESTORE HIM TO FULL HEALTH.

MR. FAYMONVILLE WILL RETAIN HIS CONNECTION WITH THE COMPANY AS AN ACTIVE MEMBER OF THE BOARD OF DIRECTORS.

THE BOARD WISHES FURTHER TO ANNOUNCE THAT

MR. J. B. LEVISON

FORMERLY VICE-PRESIDENT, WAS ELECTED PRESIDENT OF THE COMPANY, AND THAT

MR. CHARLES P. EELLS

GENERAL COUNSEL OF THE COMPANY WAS ELECTED VICE-PRESIDENT.

THESE GENTLEMEN NEED NO INTRODUCTION TO THE COMPANY'S AGENTS AND FRIENDS.

MR. LEVISON WHO SUCCEEDS TO THE PRESIDENCY OF THE COMPANY IS AN UNDERWRITER WELL KNOWN THROUGHOUT THE UNITED STATES. HE HAS FOR THE PAST TWENTY-SIX YEARS BEEN ACTIVELY CONNECTED WITH ITS MANAGEMENT, SUCCESSIVELY AS MARINE SECRETARY, SECOND VICE-PRESIDENT AND VICE-PRESIDENT.

MR. EELLS, AN ATTORNEY OF EMINENCE, FOR TEN YEARS PAST HAS BEEN A MEMBER OF OUR BOARD OF DIRECTORS, AND FOR THIRTY YEARS ITS LEGAL ADVISER.

THE BOARD OF DIRECTORS BESPEAKS FOR THE COMING ADMINISTRATION THE SAME GOOD WILL AND LOYAL SUPPORT WHICH HAS SO LIBERALLY CONTRIBUTED TO ITS SUCCESS IN THE PAST.

SAN FRANCISCO, APRIL 2ND, 1917.

PRESIDENT FAYMONVILLE RETIRES

Fund contributed its share to the Exposition. Its president, W. J. Dutton, was not only chairman of the "voting trust" which wielded the elective power of the stockholders and kept the directorate in office so that it could carry out its plans; he was also chairman of the executive committee of the World's Insurance Congress. Its then second vice president, J. B. Levison, was on the committee that helped obtain government recognition for the Exposition at San Francisco, and was later put in sole charge of the music for it, with responsibility for a budget item of $665,000 to provide the bands, orchestras, organ recitals, and visiting artists vital to the higher forms of Exposition entertainment. Levison selected the Exposition's director of music, and assembled the committee of organists that composed the specifications of the great pipe organ which stood during the Exposition season in Festival Hall and was then removed to the Exposition Auditorium in the Civic Center. Both President Dutton and Vice President Levison contributed addresses on insurance topics to sections of the Insurance Congress.

The sessions of the Insurance Congress at the Exposition were preceded by a long series of insurance conventions. The restoration of the city was celebrated by a five-day fete designated "Insurance Week," lasting from April 17 to April 22, in which many of the officers of the Fireman's Fund participated. The thirty-ninth annual convention of Fire Underwriters of the Pacific occurred during Insurance Week, and Assistant Secretary Herbert P. Blanchard, now secretary of the company, was elected president. And there was a closing parade, marshaled by William Sexton.

President Dutton had retired in 1914 and Bernard Faymonville succeeded him. Mr. Faymonville was shortly called upon by the Exposition management for advice as to fire prevention measures, and was mainly instrumental in having the National Board of Fire Underwriters send a representative engineer to devise the fire protection of the exhibit palaces and other buildings. Owing to the fact that a burned exposition can not do its work whether it receives indemnity or not, the enterprise took out no insurance but built it into the grounds and palaces in the form of preventive measures and slow burning construction, under the supervision of fire prevention experts.

Altogether, the Fireman's Fund was an important contributor to its home city's celebration.

CHAPTER XLVI

RECENT ORGANIZATION DEVELOPMENT

HAVING served the Fireman's Fund for 35 years, Bernard Faymonville felt his health failing and tendered his resignation to the board of directors at their meeting on February 15, 1917, to take effect April 1. President Faymonville had been a notable figure in San Francisco, and in the national underwriting field. His career was identified with the company in which he had attained the chief executive position, but he found time for public duty.

Faymonville was active in public service and organization work. He served the Board of Underwriters of the Pacific for 11 years as vice president and then became its president. He was for many years president of the Underwriters' Fire Patrol, and of the Fire Underwriters' Inspection Bureau. He was a life-long member of the Fire Underwriters' Association of the Pacific, was secretary-treasurer of that organization during 1887 and 1888, and in 1890 became its president. After the San Francisco conflagration, and the forced resignation of the mayor and board of supervisors, he was made a member of the succeeding board. Later he was appointed by Mayor Taylor to the board of fire commissioners.

Early in November of the year following his retirement, Faymonville was stricken with apoplexy while playing golf with former President Dutton, and died ten days afterward, on November 11, 1918.

When Bernard Faymonville retired on April 1, he was succeeded by Vice President Jacob B. Levison. The choice was not only in direct line of promotion, but it brought to the chief executive office the man responsible for the plan of rehabilitation and one of those most active in its execution. Mr. Levison was versed in the intricacies of marine underwriting, and through his 27 years of service, embracing the worst years through which any insurance company ever passed, he had the central view of the relations of the company to its policy holders, shareholders, and the public in general. He had had to think out all phases of the business under conditions which were unprecedented and through which there was no guide.

Jacob B. Levison was the company's second president to arrive at that position through the marine side. He was almost a native son of California, having been born in Virginia City, Nevada, in the Sixties. His early years were spent in the stimulating environment of the world's greatest mining camp. The Comstock Lode was beginning to turn out its hundreds of millions in gold and silver bullion, Nevada was the greatest silver producing state in the Union, and the "mining stock industry" in San Francisco was preparing for those feats of financial acrobatics that were to show Wall Street new contortions.

In 1875 Levison's parents brought him to San Francisco, which has since been his home city. Soon

J. B. LEVISON

ELECTED PRESIDENT MARCH 15, 1917

after the family's arrival he obtained a position with the San Francisco office of the New Zealand Insurance Company, but left two years later to become a clerk in the marine department of Hutchinson & Mann, then a leading insurance agency.

When the Anglo-Nevada Assurance Corporation was launched, in 1886, Levison became its marine clerk, and then its marine secretary. Four years later, in October, 1890, the Fireman's Fund absorbed the marine business of the Anglo-Nevada. The Fireman's Fund had lost its marine secretary two years before and had been getting along without one. Levison was now put in that office. He became, as already recited, second vice president, first vice president, and president.

Mr. Levison, besides having been in charge of the music that became a notable feature of the Panama-Pacific International Exposition, is at this writing president of the San Francisco Symphony Orchestra. He has been for many years president of Mt. Zion Hospital. He has the distinction of being the only man that was ever president of the Board of Fire Underwriters of the Pacific, the Board of Marine Underwriters of San Francisco, and the Pacific Coast Automobile Underwriters' Conference.

The United States entered the European war on April 6, 1917; and changes necessitated by war conditions ended the Franz Herrmann marine agency connections of the Fireman's Fund and ultimately brought its Atlantic marine business under the management of Charles R. Page, who took charge for the company in January, 1922.

On account of illness Secretary Louis Weinmann was retired in August, 1918. The following month Assistant Secretary Blanchard was promoted to the secretaryship. Mr. Weinmann had served the Fireman's Fund for more than 30 years. He died at his home in Alameda on April 25, 1921.

Herbert P. Blanchard, secretary of the Fireman's Fund Insurance Company, was born in Placerville in 1871. His father, the late Judge George G. Blanchard, had crossed the plains in 1850. Herbert P. Blanchard commenced his service of the Fireman's Fund as a mailing clerk, and after ten years' experience in office routine was made a special agent. In April, 1907, he was elected assistant secretary to succeed George H. Mendell, who had resigned.

Mr. Frank G. White became an assistant secretary of the Fireman's Fund in 1919. White had been in the insurance field all his working life. He was born at Oswego, New York, in 1864. His first employment was in an insurance agency at Utica, N. Y., in 1881. He was in the insurance business in Denver when, in May, 1891, he was appointed special agent for the Fireman's Fund by Mr. Faymonville, at that time the company's secretary. In 1907 White was appointed general agent of the company for the Rocky Mountain states with headquarters at Denver, from which point he was transferred to the head office at San Francisco as assistant secretary.

Mr. Edward Randall became general auditor of the Fireman's Fund in 1919, and in 1920 was established at the head office in San Francisco, assuming the duties

of office management, with supervision of the accounting, under the president's direction.

Mr. Randall was born in New Orleans in 1871. He early acquired experience in the insurance field, and just before the San Francisco disaster undertook the reorganization of the large New York marine office of Franz Herrmann, in which the Fireman's Fund was then substantially represented. He had been accountant, and auditor of several companies, and so was versed in insurance finance.

When Vice President Levison was elected president of the company he was succeeded in the vice presidency for a brief period by Charles P. Eells, and he by Vanderlynn Stow, who had been a director since 1912. Mr. Stow was a son of William W. Stow, a notable figure in the affairs of the Central Pacific railroad.

By the end of 1919, or thirteen years after the great fire, the business of the Fireman's Fund had progressed to such a point that an enlargement of the capital stock had again become advisable, so at a general meeting of shareholders on December 10, a recommendation of the directors was unanimously adopted authorizing an increase from $1,500,000 to $3,000,000. The stock would then consist of 30,000 shares, par of $100. Each shareholder of record on October 20, 1919, was entitled to subscribe to one share of the new stock for every one he held of the old, at $150 a share, to be paid for in installments. The company would then have a paid-up capital of $3,000,000, a net surplus of $6,000,000, a reserve of about $10,000,000, and gross assets of about $23,000,000.

Another increase of the company's capital stock took place on March 31, 1925, from $3,000,000, par of $100, to $5,000,000, par $25. The par value was reduced to spread the ownership and give more people an interest in the company.

John Marshall, Jr., became vice president of the Fireman's Fund Insurance Company and the Home Fire and Marine on January 1, 1920. It is said by well informed underwriters that there are few insurance men in this country with so wide an acquaintance, his experience having been gained in San Francisco, Chicago, and New York. In 1928, after practically a year of impaired health, Vice President Marshall accepted retirement by the directors under the company's retirement system.

At the annual meeting of the stockholders held February 25, 1929, unanimous approval was given President Levison's recommendation that the company's capital be increased by the issue of 100,000 additional shares, par value $25, to be sold to stockholders of record on February 28, at the rate of $50 per share; thus increasing the capital from $5,000,000 to $7,500,000, adding $2,500,000 to net surplus, and making the surplus as to policy holders $18,662,000—payment of the additional funds to be completed by June 30, 1929.

CHAPTER XLVII

THE FIREMAN'S FUND AND THE WAR

OWING to the peculiar relation of insurance to other business, it was in a position to render the nation valuable service during the World War. Enemy infiltration made it necessary to protect productive establishments in this country and keep transportation going; and at various points that were vital to the national interests, insurance men were qualified to suggest and carry out protective measures.

In such service the Fireman's Fund did its part. Its president emeritus, William J. Dutton, was made chairman of the Pacific Coast Committee of the National Board of Fire Underwriters, Department of National Service, and organized an office in the Insurance Exchange Building, whence he directed general conservation work in the form of fire prevention, and cooperated with federal officials in the protection of bridges, shipyards, railway freight houses, military stores and whatever else might become an objective of internal enemy attack. He worked largely through special agents of all the insurance companies, men traveling the field continuously and capable of reporting without local bias the condition of factories, warehouses, mills and mines and transportation facilities.

This work was kept up during the period of American participation in the war, about 40 special agents of various companies reporting continuously on coast conditions.

Charles R. Page, now a vice president of the Fireman's Fund, was general auditor of the company when the United States entered the war. Because of his knowledge of shipping, he was appointed a commissioner of the United States Shipping Board, and a trustee of the Emergency Fleet Corporation whose general task it was to see that there was plenty of transportation for troops and supplies across the Atlantic in spite of the activity of enemy submarines and commerce destroyers. The appointment to the Shipping Board was made by President Wilson in October, 1917, and Mr. Page resigned his position with the Fireman's Fund in order to devote his whole time and energies to government work. His services were so valuable to the cause of the Allies that he was decorated by the French government. He was reappointed in February, 1919, but resigned in May, his work being over, and at the end of 1921 rejoined the Fireman's Fund family as manager of the Atlantic Marine Department.

Frank G. White, assistant secretary of the company, was its general agent at Denver when the United States entered the war, his jurisdiction extending over the Rocky Mountain states. During the war he represented the National Board of Fire Underwriters in conservation work in his field, being elected chairman of the committee for the purpose, and he was also the National Board's representative on the government committee in control of chemicals and explosives.

These committees were effective, and their work elicited the commendation of the authorities.

The company had a corps of special agents traveling its whole field of operations. All these men volunteered their services, and in one way or another contributed information to the authorities and advice to property owners and local agents about the protection of property under war conditions. Work of this sort was being done by all loyal insurance companies throughout the nation.

In addition to the expert work performed by officers of the company in the ways set forth above, many employees joined the colors and went into active service.

In all the "drives" for patriotic purposes, the Fireman's Fund and its employees did their share, actively and financially. The company subscribed its quota to all issues of Liberty Bonds and gave its support to all organized services.

CHAPTER XLVIII

REVIVING ANOTHER COMPANY

THE liability of the Fireman's Fund Insurance Company arising out of the San Francisco conflagration included that of the Home Fire and Marine, which the Fireman's Fund owned, and which it directed through a board almost identical with its own, and a president and treasurer in common. Inasmuch as the Fireman's Fund was responsible for both, it would be useless to differentiate here between the losses of each in the fire of 1906; and the general Fireman's Fund loss of approximately $11,200,000 covered the liability it had to settle for the Home. The holding company's struggles engrossed the attention of its officers, and the Home suspended business.

When the Fireman's Fund Insurance Company reinsured its unburned risks in the new Firemen's Fund Insurance Corporation, it ceased to write any new risks, and it was decided that no more underwriting for the time being should be done by the Home Fire and Marine. The holding company continued to handle the Home's properties, and the Home's existence was maintained by the annual payment of the corporation tax so that it should always be in condition to be revived if circumstances ever warranted.

THE NEW HEAD OFFICE

The time came in 1917. President Levison had been largely instrumental in resurrecting the old Fireman's Fund, and felt that another resurrection would also be successful, so he decided to resurrect the Home, with a paid-up capital of $500,000 and a cash surplus of $1,000,000. Shareholders of the Fireman's Fund were given the privilege of subscribing first. The company was licensed by the Insurance Department of California on January 13, 1918, and was soon in operation in every state in the Union. Its general offices were in the Fireman's Fund building at California and Sansome streets.

Within three years it was decided to increase the capital stock of the Home to $1,000,000. The increase was voted on August 30, 1921, so that the Home was able to begin the year 1922 with a capital of $1,000,000, a net surplus of approximately the same amount, and gross assets of more than $4,000,000. The new stock was put out at $25 a share, of which $10 was applied to capital and $15 to surplus.

CHAPTER XLIX

EACH IN HIS PLACE

THE Atlantic Marine Department of the Fireman's Fund opened a western branch at Chicago, under the management of John C. Braislin, in 1923, and in 1924 it opened a southern branch at Atlanta under W. Stanley Pearce.

George Jordan became assistant marine secretary of the Fireman's Fund in February, 1923. Mr. Jordan was born in London and brought up in its famous insurance center, having served a five-year apprenticeship with a member of Lloyd's. He was engaged in underwriting in New York for four years, specializing in the marine end of the business. He joined the marine department of the Fireman's Fund in San Francisco in 1911, and took charge of the marine claims department in 1917.

George E. Townsend, son of pioneers, born in San Francisco in 1876 and connected with insurance from his 15th year, became an assistant secretary of the Fireman's Fund in February, 1925. Mr. Townsend was educated in the San Francisco public schools and began insurance work for the Robert Dickson General Agency office in the old Wells Fargo Bank building at California and Montgomery streets. Townsend

was identified with the early history of automobile insurance and was chairman of various committees of the Automobile Conference. He is at this writing president of the Fire Underwriters' Association of the Pacific.

Charles R. Page became a vice president of the Fireman's Fund Insurance Company on May 13, 1926. Mr. Page had long given the company good service in the marine department, and also served his country and the cause of the Allies in the World War. Page was born in San Francisco, the son of Charles Page, in 1878. The father was an admiralty attorney, of counsel for the Fireman's Fund and for a long time one of its directors. Charles R. Page began his service of the Fireman's Fund in 1902. He had been graduated from Yale, and spent some time in European travel. He became marine loss clerk for the Fireman's Fund, later took charge of marine and automobile losses, and in 1915 became the company's general auditor.

Edward T. Cairns became a vice president of the Fireman's Fund on April 28, 1927, after having served the company as its eastern department manager for five years. Mr. Cairns was born at Hartford, Connecticut, in 1874. He had a varied experience in the "improved risk" phase of insurance, and in 1916 became vice president of a Pennsylvania company. On January 1, 1922, he became manager of the Eastern Department of the Fireman's Fund and Home Fire and Marine, with headquarters at Boston. Later he was elected a vice president of the company and in 1928 he was transferred to San Francisco to succeed John Marshall, Jr., retired.

Mr. Cairns was succeeded in the managership of the eastern department by Mr. Charles C. Hannah, who had been assistant manager since February, 1922, beginning his service of the Fireman's Fund a month after Cairns. His assistant at Boston headquarters at this writing is Mr. Ralph H. Goodwin, who became manager of the company's automobile business at Boston in 1921.

At the annual meeting that effected these changes, Mr. B. G. Wills, who for several years had been in charge of the company's automobile business at Los Angeles, was elected an assistant secretary. He was then transferred to the head office and charged with executive supervision of automobile insurance for the Fireman's Fund and the Home Fire and Marine in Pacific Coast territory. Wills became superintendent of the automobile department at the head office in 1917, but had been transferred to the Southern California automobile branch in 1921.

THREE PRESIDENTS

J. B. LEVISON, W. J DUTTON, AND BERNARD FAYMONVILLE

From a photograph taken in 1917

CHAPTER L

LAUNCHING THE OCCIDENTAL

TOWARD the end of 1927 the executive officers of the Fireman's Fund decided it was time to add another company to the "fleet," in order to give the necessary strength to the organization. Accordingly the matter was presented to the board of directors by President Levison in December, 1927, and the necessary preliminary steps were taken.

On December 31st a circular letter went out, reading as follows:

TO OUR STOCKHOLDERS:

In line with what is being done by the leading American and foreign insurance companies, through the organization of new companies or the acquisition of companies already established, it has been determined by the Directors of the Fireman's Fund Insurance Company and Home Fire and Marine Insurance Company that the time has arrived when a third company should be organized. The improved condition of the insurance business, the reduction in fire loss waste throughout the country, together with the influence and prestige of the Fireman's Fund and Home Fire and Marine, justify the expectation that a satisfactory and profitable business will be rapidly acquired.

The new company is to be called the "Occidental Insurance Company" and will be operated and managed in conjunction with the Fireman's Fund and Home Fire and Marine, entering at once into the fire insurance business in all the states and authorized

to enter the marine and automobile business whenever, in the opinion of the management, it may be considered desirable.

The capital of the company will be $1,000,000 and the surplus $2,000,000, making a total capital and surplus of $3,000,000, divided into 100,000 shares at $30 per share. In other words, the stock will have a par value of $10 per share with an additional $20 per share paid in to be applied to surplus. This will place the company at the outset on an unusually sound financial basis.

The entire issue has been subscribed for, the Fireman's Fund taking 80,000 shares and the Home Fire and Marine the remaining 20,000 shares.

Each Fireman's Fund shareholder of record at the close of business on February 1, 1928, will be given the opportunity to purchase, at $30 per share, one (1) share of Occidental stock for each two and one-half (2½) shares of Fireman's Fund stock held by him and each Home Fire and Marine shareholder will be given the opportunity to purchase, at $30 per share, one (1) share of Occidental stock for each five (5) shares of Home Fire and Marine stock held by him. Fractional shares will not be issued, the company arranging in cases where a shareholder is entitled to a fractional share either to purchase such fractional share or to sell to the shareholder such fractional share as to make his holdings even shares.

The Fireman's Fund and Home Fire and Marine have arranged so that their agents will have the privilege of obtaining stock at the same price and on the same terms of payment as offered to their shareholders.

Enclosed you will find subscription blank. Subscriptions will close on February 15th and will be payable in four equal monthly installments on or before February 29th, March 31st, April 30th, May 31st, certificates to be issued upon the payment of the final installment.

Very truly yours,

J. B. Levison, *President.*

Almost immediately subscriptions began to roll in, to such an extent that the issue was over-subscribed by approximately fifty per cent, a most unusual condition,

THE DIRECTORS' ROOM

indicating a flattering confidence in the parent company and its officers.

On the other hand, this brought about an embarrassing and difficult situation through the impossibility of allotting the amount subscribed to the agents throughout the country. The matter was finally settled by the decision to allot to the agents subscribing for 25 shares or less the full amount of their subscription, and to those subscribing for more than 25 shares fifty per cent of the amount of their subscription with a minimum of 25 shares and a maximum of 100 shares.

By the 31st of May the subscriptions had been completed—capital $1,000,000 and surplus $2,000,000 paid in, and at this writing the company is doing business in 35 states.

There are one or two interesting features in connection with the organization of the Occidental and the over-subscription to its stock. While it is impossible to make the statement in an authoritative manner it is probably within the mark to say that no insurance company ever started business with so long a list of shareholders: namely, 2628.

Again, the standing of the directors in the business world is unusual, as will be seen from their names and positions. In addition to President Levison, Vice President Charles R. Page, and Vice President Edward T. Cairns, they are: W. J. Dutton, former president of the Fireman's Fund Insurance Company; H. F. Alexander, president of the Pacific Steamship Company; R. I. Bentley, president of the California Packing Corporation; Mortimer Fleishhacker, president

of the Anglo-California Trust Company; Atholl McBean, president of Gladding, McBean & Company; C. O. G. Miller, president of the Pacific Lighting Corporation; Charles C. Moore, president of Charles C. Moore & Co.; and R. S. Shainwald, president of the Paraffine Companies, Inc.

OFFICERS OF THE FIREMAN'S FUND

CHARLES R. PAGE, VICE PRESIDENT

EDWARD T. CAIRNS, VICE PRESIDENT

HERBERT P. BLANCHARD, SECRETARY

THOMAS M. GARDINER, TREASURER

A. W. FOLLANSBEE, JR., MARINE SECRETARY

CHAPTER LI

INSIGNIA, FORMS, AND SOUVENIRS

IT IS difficult to estimate the value of trade names; and the value of some it would be impossible to overestimate. Back in 1863 Captain William Holdredge gave his venture an alliterative title, and one that remained in the memory. If you heard Fireman's Fund Insurance Company once, or saw it on a calendar, you could hardly forget it.

The monogram of the Fireman's Fund is usually identified at a glance, without thought as to its origin; but its authorship is worthy of mention.

In 1867 the directors resolved to put the company into the marine business, and appointed a committee to attend to the details: Charles Walcott Brooks, Captain Gardner T. Lawton and Captain Cory Willisstun. The committee undertook as its opening labor the composition of a form of policy that should be attractive and comprehensive, with suitable space for the growing entries. And it was decided, for additional convenience, to bind it in a leather cover.

The cover bore the title in a good typography, but needed something in the nature of a book stamp. The result was the monogram, the first two initials back to back, the I between them, the abbreviation for

"company," CO, standing in outline behind the FF, and the C before and the O behind the I. The draft was made by a wood engraver named William Keith, whose landscapes were subsequently to put him in the front rank of America's painters.

Of a deeper appeal was the cartouche bearing the figures of the Fireman and Child. This is a pleasing picture of rescue. It was adopted in the Eighties.

The company is not a fireman. It does not directly rescue children from burning buildings. But its early development is intimately associated with the firemen of San Francisco, and there is no way to calculate how many children it may have saved by the fire prevention propaganda it has carried on from the beginning. The Fireman and Child picture is perfectly symbolic of the other great function of fire insurance, one arising directly out of its vital interest in profits, that of the conservation of life and property through the prevention of fires.

The burgee that for so many years told stockholders and friends of the Fireman's Fund that the company was having an annual meeting and keeping open house, required a tall staff, for it was 30 feet long. It was red, white, and blue, and carried the name of the company in black letters. It long announced the annual meeting of stockholders and the "open house" reception that accompanied it. Like the building it adorned, it "went up in a chariot of fire" in 1906.

But figuratively, spiritually, it lived. It was the subject of the famous dispatch sent East when San Francisco was burning: "The Fireman's Fund flag is still flying, and nailed to the mast."

OFFICERS OF THE FIREMAN'S FUND

FRANK G. WHITE, ASSISTANT SECRETARY
G. E. TOWNSEND, ASSISTANT SECRETARY
GEORGE JORDAN, ASSISTANT MARINE SECRETARY
JOHN S. FRENCH, ASSISTANT SECRETARY
EDWARD RANDALL, GENERAL AUDITOR
B. G. WILLS, ASSISTANT SECRETARY

The oldest advertisement of the company extant, dating in fact from its first year, was composed about a seal with three women on it, one of whom held a pair of scales. The application is uncertain. It bore the motto "Pro Aris et Focis," which gave it some point, though perhaps accidentally. Flanking the seal was the motto in English "Faith, Hope and Charity."

The mottoes soon gave way to a statement of the capital stock, which was more to the purpose, and the female figures to a hydrant with a fire hose attached and coiled about the legend "Fireman's Fund Insurance Co., S. F."

When the telegraph signal system was adopted by the San Francisco Fire Department, the Fireman's Fund printed on large placards a complete list of Fire Department houses, signals, and locations of signal stations. These soon hung in all the engine and hook-and-ladder houses and many of the business offices in the city.

The Fireman's Fund issued, in 1903, and has continued to issue yearly, a list of all vessels registered on the Pacific Coast, together with a great deal of information useful to shipping men in general. This information is not published in convenient form in any other way. There are the York-Antwerp rules, the international conference rules as to bills of lading, the location of drydocks and marine railways in the North Pacific, data relating to the radio compass and to the time ball service of the United States Hydrographic office, wind scales, seasonal weather, reports of derelicts, and various items of marine law.

This publication is distributed to vessel owners, agents, and correspondents, from far Raratonga to

Constantinople. Underwriters all over the world use it as a desk book for handy reference. Requests are received for it from libraries throughout the country, and from schools of commerce in universities. Although the character of shipping has greatly changed since it first appeared, the need for the Fireman's Fund Register has not diminished and the company has felt justified in continuing its publication.

In the physical handling of policies the Fireman's Fund was among the first companies to depart from the old newspaper size in use 37 years ago and get down to a sheet that would fit a typewriter. Later it adopted the manifold form.

This form originated in the need of the local agents whose practice it was to write insurance on standing grain while they were on the ground, in order to make delivery of the policy then and there. The first of these forms was produced and issued in 1900.

During the period of and immediately following the war, reinsurance between companies increased rapidly owing to the increased volume of business and inflated values. At that time most companies were more or less disorganized and suffering from a lack of experienced help, and the work accumulated so that it could not be handled promptly. In the head office of the Fireman's Fund hundreds of applications for reinsurance came in for which it was impossible to issue policies, except at the expense of delaying direct policy writing. It was at that time that the company initiated what is now known as the "Reinsurance Envelope," as a substitute for a completely written policy. It met with a warm

reception from practically all the companies, and was promptly adopted and put in general use.

The painting of a full-rigged ship sailing through the Golden Gate, long used as the trade-mark of the Home Fire and Marine Insurance Company, has had an interesting history. President Levison commissioned the San Francisco marine artist W. A. Coulter to paint such a subject for his home. Coulter selected his vessel well. The scene is faithful. The vessel is shown passing Fort Mason on her way in. To the left in the background is old Fort Point, said to have been modeled on the lines of Fort Sumter, and on the right are the bold hills of Marin County forming the northern side of the Gate. On his revival of the Home Fire and Marine in 1917 President Levison brought this painting, his private property, to hang in his office and serve as the Home's trade-mark. Thousands of reproductions have emphasized the marine service of the Home Fire and Marine, and the fact that the company is an institution of San Francisco.

Coulter was an artist that understood ships, and the central object of his painting was a ship's portrait. One day a rancher walked into the office of the Home Fire and Marine agent at Cashmere, Washington, and took a look at the framed reproduction of the Coulter painting, hanging on the agent's wall. "Why," he exclaimed, "that's my old ship, the *W. F. Babcock*." He proved to be Captain Robert J. Graham, her former master.

The *W. F. Babcock* had a long career afloat, and through the circumstances detailed above she came to be perpetuated by the United States government, for

the Home Fire and Marine trade-mark has been made the design of the twenty-cent stamp, after the Post Office Department had made a long search for a faithful representation of the Golden Gate.

Having given the story of the Fireman's Fund and Home Fire and Marine trade-marks it might be well to describe the Occidental trade-mark.

The original thought was that something should be developed relating particularly to the West, because of the name "Occidental," and the artist appears to have accomplished this unusually well. The design is intended to illustrate the setting sun as it drops behind a peak of the Sierra Nevada mountains at the close of day. In the foreground one catches a glimpse of a mountain lake and on either side is seen a western yellow pine of heroic size, the ensemble suggesting the western slope of the United States and particularly California, the Occidental's home state.

DIRECTORS OF THE FIREMAN'S FUND

FRANK B. ANDERSON
EDWARD L. EYRE
CHARLES P. EELLS
GEORGE A. NEWHALL

CHAPTER LII

THE DIRECTORS

THE directors of the Fireman's Fund Insurance Company in 1928 were: Frank B. Anderson, William J. Dutton, Charles P. Eells, Edward L. Eyre, J. B. Levison, Edward T. Cairns, George A. Newhall, Henry Rosenfeld, Arthur A. Smith, Frederick W. Van Sicklen, and Franklin A. Zane.

Of William J. Dutton, J. B. Levison, and Edward T. Cairns this record has made mention.

Frank B. Anderson has been chairman of the board of the Bank of California since 1925. From 1909 to 1925 he was president of the Bank of California, and had been its vice president for seven years before that. Mr. Anderson is a native of Georgia. He was with the American Exchange National Bank, of New York, from 1880 to 1902. During the Spanish American War he was a lieutenant, senior grade, in the United States Navy. He is a trustee of Stanford University and a director in several corporations, including the Alaska Packers, California Packing Corporation, California & Hawaiian Sugar Refining Corporation, Spring Valley Water Company, Pacific Gas & Electric Company, and Miller & Lux, Inc.

Charles P. Eells, now retired, was one of the leaders of the California bar. Mr. Eells is a native of New York and was educated at Hamilton College. He is a son of the Reverend James Eells, who in 1867 became the pastor of the First Presbyterian Church of San Francisco. Charles P. Eells read law with a leading law firm in San Francisco and was for many years a member of the firm of Goodfellow & Eells. Mr. Eells was a trustee of Stanford University. At one time he was a director of the Union Pacific Railroad, representing the English interests in that system.

Edward L. Eyre is a member of a well-known California family and is senior partner in the firm of Edward L. Eyre & Company, a leading shipping and commission house with world-wide connections, engaged in the exportation of grain and the importation of oriental commodities. Mr. Eyre is a director of the Spring Valley Water Company and a member of its finance committee, and he is vice president of the Empire Mines & Investment Company.

George A. Newhall is a descendant of a pioneer family and is senior member of the firm of H. M. Newhall & Company. Mr. Newhall is a director of the Bank of California, the California Pacific Title Insurance Company, and the Pacific Telephone and Telegraph Company. He is also a director of the California Society for the Prevention of Cruelty to Children, and president and trustee of the San Francisco Ladies Protection and Relief Society.

Henry Rosenfeld is the surviving member of John Rosenfeld's Sons, leading coal merchants and shipowners and for many years active in the clipper ship trade

DIRECTORS OF THE FIREMAN'S FUND

HENRY ROSENFELD

FREDERICK W. VAN SICKLEN

ARTHUR A. SMITH

FRANKLIN A. ZANE

between San Francisco and New York. Mr. Rosenfeld is president of the Calwa Company, and a director in the Spring Canyon Coal Company, the Wells Fargo Bank & Union Trust Company, and the American Hawaiian Steamship Company.

Arthur A. Smith was one of those world-adventuring merchants whose operations contributed to the romance and opulence of maritime Massachusetts. Born and brought up at Boston he was sent at the age of 22 to Nicholaefsk, a fur trading post at the mouth of the Amur River, in Siberia. Here he represented a Boston house for ten years, his territory including Japan, which had been but recently opened to foreign trade. He was one of the first Americans to cross Siberia with dogs and horses. Mr. Smith left the Amur region in 1870, and with his brother and Henry H. Freeman formed the commission house of Freeman, Smith & Company of San Francisco, dealing in furs and general merchandise and dispatching vessels laden with trade goods to the Amur. Mr. Smith conducted the San Francisco end of this business down to 1895, when he gave up active mercantile life and became identified with the old Savings and Loan Society, known as the "Clay Street Bank," later merged with the San Francisco Savings Union, which in turn was absorbed by the Mercantile Trust Company. Mr. Smith became president of the Savings and Loan Society in 1903 and after a few years resigned the presidency but retained his place on the board of directors until failing health forced his retirement. He is, at this writing, in his ninetieth year.

Frederick W. Van Sicklen is senior member of Dodge,

Sweeney & Company, a long-established firm in the produce and wholesale grocery business. One of the founders of this firm was Henry Lee Dodge, a pioneer of Forty-nine, and one of the original directors of the Fireman's Fund. Mr. Van Sicklen came to California from Vermont in 1875. He is vice president of the Pacific Lighting Corporation, and a director in the Wells Fargo Bank & Union Trust Company and the Kings County Development Company.

Franklin A. Zane succeeded John C. Coleman on the directorate of the Fireman's Fund. For a number of years Mr. Zane had been associated with Mr. Coleman in business, and on the latter's death in 1919 became one of the executors of his will. Mr. Zane had served for several years in the trust department of the Illinois Trust Company, at Chicago. He came to California in 1902. Mr. Zane is vice president of the North American Investment Corporation, and a director in the Southern Pacific Milling Company.

At the stockholders' meeting of February 25, 1929, Vice President Charles R. Page was elected a director to succeed Charles P. Eells, and Mortimer Fleishhacker to succeed Arthur A. Smith.

THE GOLDEN GATE

From a painting by W. A. Coulter

TRADE-MARK OF THE HOME FIRE AND MARINE

IN CLOSING

THIS narrative has shown the Fireman's Fund Insurance Company as the survivor of competition and disaster, throughout a period in which those factors would have eliminated it had it not borne within itself the stuff and substance of survival.

Without undue extension the record could not account for all the work of all the directors and officials, and hence it has been forced to deal with the contributions of those that were, in exigencies, conspicuous. But such a record would fail if it had not by this time disclosed the fact that the council table was the meeting place not only of business skill but of that moral character on which alone dependable service can be based. The Fireman's Fund was built on public confidence and revived by public confidence, and stands today a hopeful sign of the soundness of general sentiment in this country.

APPENDIX I

REPORT ON THE FIREMAN'S FUND INSURANCE COMPANY

OF SAN FRANCISCO, CALIFORNIA

AS OF JUNE 30, 1907

BY

S. H. WOLFE, ACTUARY.

On April 18th, 19th, 20th and 21st, 1906, the city of San Francisco was visited by a conflagration, the extent of which can be judged from the figures and facts stated in this report. The home office and the records of the Fireman's Fund Insurance Company were destroyed and it became necessary to rely upon estimates for the guidance of the officers in meeting the resulting liabilities.

The Fireman's Fund Insurance Company, the Home Fire and Marine Insurance Company (whose entire capital was owned by the Fireman's Fund) and their annex, the Pacific Underwriters (whose policies provided that two-thirds of the risk were assumed by the Fireman's Fund and one-third by the Home) were, to all intents and purposes, one institution, and the Fireman's Fund Insurance Company was responsible for the losses of all three. It was estimated that these losses would amount to $10,500,000, and that after allowing for an estimated salvage and the collection of about $3,500,000 of reinsurance, the assets of the company would be sufficient to pay the remaining net losses.

The heavy losses experienced by all prominent fire insurance companies as a result of this conflagration so seriously crippled their resources that the difficulty of having any one of those companies reinsure unburnt risks of the Fireman's Fund soon became apparent. To meet this emergency and to conserve the value of the good will of the extensive agency system and the excellent reputation which the company had enjoyed, the plan of forming the Firemen's Fund Insurance Corporation was devised. This corporation was organized with an authorized capital stock of $1,000,000, to which subscriptions were taken at $200 per share, payable in quarterly installments, the first due in thirty days and the remainder in three, six and nine months thereafter. Immediately

upon its organization being completed, and the payment of twenty-five per cent of its capital stock, the corporation entered into a contract with the company by which it reinsured and guaranteed all of the unburned risks of the company, carried out the contracts with the agents and succeeded to the renewal of the expirations. This contract of reinsurance was profitable to the company, as the reinsurance premiums were the face of the company's estimated unearned premiums, and combined with these was an agreement that eighty per cent of the profits which remained after the payment of the losses and the return premiums should be returned to the company, the corporation retaining twenty per cent, together with the agency plant, and good will of the business.

It subsequently developed, however, that the original estimates of salvage were largely in excess of the figures which could possibly be realized. This, combined with the failure and retirement of many of the companies in which reinsurance was held, reduced the amount collectable, and it became evident, therefore, that the assets of the company would not equal its net liabilities by several million dollars. To prevent the appointment of a receiver (with the loss that such a procedure would entail upon stockholders and policy holders alike) and give the company time in which to enable it to meet all of its obligations, an agreement was entered into with the loss-claimants by which they should receive fifty per cent of their proved claims in cash, that the company should levy an assessment of $300 per share upon its stockholders and in the event of more than $1,500,000 being collected before December 31st, 1906, by those assessments, the company would increase its capital to this figure at least, and give to the claimants for the remaining fifty per cent of their claims, capital stock in the company at the rate of one share of stock (par value $100) for each $500 remaining unpaid on their claims. There was a further provision that the company should repurchase from the corporation, the agency system and business which had been transferred to it, in order that the original stockholders who had been assessed so heavily, and the new loss-claimant stockholders might, together, work for the ultimate success of a re-established company, with the attendant reimbursement from the future profits.

A figure in excess of the necessary $1,500,000 having been collected in the shape of an assessment upon the old stockholders before December 31st, 1906, the agreement for the repurchase outlined above was made on that day between the directors of the company and the directors of the corporation. On January 10th, 1907, the capital stock of the company was increased from $1,000,000 to $1,600,000, and on March 15th the company commenced the delivery, to its loss-claimants, of the certificates of stock in the company in settlement of the balance of loss-claims. In addition to

this, the loss-claimants have received an additional bonus dividend of six and a half per cent as a result of the assets of the company realizing more than was estimated; the actual cost of their stock to these loss-claimants, therefore, was about $435 per share.

Under the California law, the directors of an insurance company may, for the purpose of meeting its debts, levy an assessment upon the stockholders for such an amount as is deemed necessary to meet those liabilities. Should any stockholder be delinquent in paying this assessment the directors have two courses open to them: they may either advertise the delinquent and sell his stock, or they may elect to proceed by action against stockholders "to recover the amount of the assessment or any part or portion thereof."

For various reasons, the directors of the company decided upon the latter course, thus placing each stockholder in the position of a debtor to the company for the amount of his assessment. They decided upon this, not only because the advertising and the forfeiture of stock would result in a decreased market value, but also because in this way a separate settlement with each debtor, depending upon his ability to meet his debt, was made. This latter reason is given additional weight when it is borne in mind that many of the stockholders, like the company, lost heavily in the conflagration and any other course would have resulted in serious embarrassment.

While a three million dollar assessment was levied upon the stockholders, it was estimated that only $2,000,000 would be collected. How closely this estimate tallies with the actual result may be determined from the fact that over $1,900,000 has thus far been collected.

Holders of 6314 shares have paid in full; holders of 229 shares have paid $21,300 and surrendered their stock; the directors, after investigation, have accepted the surrender of 1876 shares from stockholders who were clearly unable to pay their assessments, and from estates from which assessments could not legally be collected; 1581 shares still remain for settlement, and against some of the stockholders suit has already been commenced, while negotiations with others are producing settlements day by day.

The contract referred to by which, in April, 1907, the company reinsured the unexpired business of the corporation, was identical with that by which the corporation, nearly a year previous, had reinsured risks of the company. In further elucidation of this statement, it may be explained that both contracts provided that the premium in each case which the reinsured company should receive, was to be the unearned premium, that eighty per cent of the profits realized was to be returned to the reinsured company and twenty per cent kept by the reinsuring company, together with the agency plant and the right to the renewal expirations.

The reinsurance premium which the company paid to the corporation was in the form of stocks and bonds which were transferred at prices agreed upon by a joint committee of three stockholders representing each of the parties. The value of the active securities was readily agreed upon, but in the case of disagreements, the securities were scheduled at an arbitrary value, the seller being given the privilege to redeem them within the year at the schedule price, or if the buyer sold them within the year, it was to account to the seller for the profit or loss. The securities in the latter schedule were turned over to the company by the corporation in April, 1907, at the arbitrary values which were placed upon them, and in addition thereto, the company received from the corporation a check for $26,172.50, which represented the excess over the arbitrary figures realized from the sale of four of these securities.

All of its outstanding liabilities having disappeared, the corporation became, to all intents and purposes, a holding company, subject to no loss other than by shrinkage in the value of its securities. As the annual business assumed by it under its contract with the company had practically all expired, a basis for arriving at the underwriting profit was established, and it was deemed wise to commute the contract of reinsurance.

For your information I desire to place before you the basis upon which this commutation was made:

Total reinsurance premiums received		$2,481,730.00
Premiums in force December 31, 1906		1,171,634.58
Premiums liquidated during term		$1,310,095.42
On which there had been disbursed:		
Expenses	$ 62,391.03 (4.76%)	
Return premiums	205,501.78 (15.68%)	
Losses	722,955.59 (55.18%)	
		990,848.40
Remaining profit (24.3%)		$ 319,247.02
Allowing for an increase in the losses and a decrease in the return premiums, it was estimated that the balance of the contract would produce a profit of 21.5%, or		250,582.90
Making the total profit upon the contract		$ 569,829.92
Of which the company's share was	$455,863.94	
And the corporation's share	113,965.98	

In order to preserve the equitable relations between the corporation and the company, the other reinsurance contract was also commuted upon the same basis, as follows:

Total reinsurance premiums received			$2,500,000.00
From which must be deducted:			
Estimated expenses	(4.76%)	$ 119,000.00	
Return premiums	(13. %)	325,000.00	
Losses	(57.5 %)	1,437,500.00	
			1,881,500.00
Leaving an estimated profit of			$ 618,500.00
Of which the corporation's share is 80%, or			$494,800.00
And the company's share 20%, or			123,700.00

By the application of this rule to both contracts, the corporation is in a position to speedily distribute its assets and take the necessary steps for its legal discontinuance.

Most of the stockholders in the company who could afford to do so, became subscribers for stock in the corporation, and when the assessment was levied upon the company stockholders, they had paid from two to three installments upon their subscriptions to the capital stock of the corporation. The directors of the company, wishing to avoid a financial hardship upon their stockholders who had also been subscribers for stock in the corporation, agreed to accept a deposit of these installment certificates duly endorsed as payment of part of the assessment. The installments so deposited amounted to $604,000, and on June 28th, 1907, the corporation acquired these receipts, giving the company in exchange therefor, the securities which the corporation owned for which there existed a least ready market. By this means the corporation's ability to make an early distribution of its assets, was increased.

The corporation, by vote of its stockholders, on June 20th, 1907, reduced its capital to $200,000, which its profits during its ten months of active business will more than equal. In this way the directors will be able to distribute to the stockholders without impairment of capital, the face of their installment payments and the ultimate result of the year's investment to the stockholders of the corporation will be a profit of from twenty to thirty per cent.

In order that the facts may be brought before you in concrete form, I have assumed that certain relationships existed, and submit them, as follows:

ORIGINAL STOCKHOLDERS OF THE COMPANY

Before the conflagration, the stock was selling at from $425 to $450 per share. Having been assessed upon the same at the rate of $300 per share, their stock now represents an investment of about $750 per share, to which must be added the loss of dividends for two years. In a previous outline it was pointed out that some of the stockholders had their liability cancelled by the surrender of their stock, and the payment to the company of $100 per share. To these the loss will amount to about $550 per share. Those who were unable to pay any assessment, and who were permitted by the directors to surrender their stock, have, of course, lost their entire investment.

THE STOCKHOLDERS OF THE CORPORATION

In most cases $150 per subscribed share had been paid in three equal installments, the first on June 20th, and the remaining ones on September 20th, and December 20th, 1906. If he were a stockholder in the company he has had the entire amount paid by him returned in the shape of having his installment receipts accepted in the payment of his assessment; if he were a stockholder in the corporation, but not in the company, he will receive in due course the entire amount paid by him. In addition thereto, a dividend in the future of from twenty to thirty per cent will be declared.

LOSS-CLAIMANTS OF THE COMPANY

All loss-claimants except those involved in the San Francisco conflagration have been at all times fully protected and their losses have been paid in full, promptly on adjustment. The San Francisco conflagration claimants received twenty per cent of their claims in September, thirty per cent in November, six and a half per cent in March, and fifty per cent of their claim in stock of the company, taken at $500. This stock has, therefore, as pointed out before, cost them about $435, and now has a market value of about $150 per share.

LOSS-CLAIMANTS OF THE CORPORATION

These claimants have been dealt with in the usual course of business, and their losses promptly paid in full on adjustment.

UNBURNED POLICIES OF THE COMPANY WRITTEN BEFORE THE CONFLAGRATION

These policies were all assumed and guaranteed by the corporation and any losses which have occurred between the date of issue and April, 1907, were adjusted and paid by the corporation in the usual course of business. The company, having now reinsured all the outstanding live policies of the corporation, it is responsible for any losses which may hereafter occur under these policies.

UNBURNED POLICIES OF THE CORPORATION

These are now fully protected by the company under the contract of reinsurance.

In order that you may be in possession of the facts relative to the methods employed in the settlement of the losses of the company, the Home Fire and Marine and the Pacific Underwriters, a full statement of the direct losses has been made:

Cash paid in full settlement prior to September 1, 1906	$ 313,082.92
Cash paid under agreement of settlement	4,691,201.50
Stock issued under agreement	4,687,710.40
Suit and compromise settlements in cash	96,803.55
Additional dividend of 6½%	573,106.11
Total payments	$10,361,904.48

(*Continued on Page 264*)

STATEMENT JUNE 30TH, 1907

I—CAPITAL STOCK

1.	Amount of capital paid up in cash	$1,000,000.00		
2.	Amount of ledger assets (per balance) December 31, 1906	$3,808,231.59		
	Amount deducted from assets to apply on increase of capital	346,675.00	$3,461,556.59	
3.	Increase of paid up capital since January 1, 1907		600,000.00	$4,061,556.59

II—INCOME

		Fire	Marine	
5.	Gross Premiums	$3,415,125.56	$ 922,826.99	
6.	Deduct reinsurance rebates, etc.	361,049.75	363,123.43	
		$3,054,075.81	$ 559,703.56	$3,613,779.37
9.	Interest on mortgage loans		$1,551.97	
10.	Interest on collateral loans		2,609.62	
11.	Interest on bonds and dividends on stocks		27,932.08	
12.	Interest on deposits		5,446.47	
13.	Gross rents (including $2100 company's occupancy)		2,220.00	39,760.14
16.	Profit on sale or maturity of ledger assets			
17.	Sale of Bonds—Spring Valley Water Company	$ 122.50		
	Sebastopol School District	244.19		
	Redondo High School	22.50	$ 389.19	
18.	Sale of Stocks—Am. Nat'l Bank, Los Angeles	$ 150.00		
	First National Bank, San Francisco	1,625.00		
	California Street Railroad	27,500.00	29,275.00	
19.	Profit and Loss		1,047.73	30,711.92
23.	From all other sources:			
24.	Insurance loss on building by fire		$ 4,615.40	
25.	Premium on sale of company's stock		320,116.11	
26.	Commissions on agents' balances taken from Firemen's Fund Insurance Corporation in reinsurance settlement		153,553.68	478,285.19
	Total income			$4,162,536.62
	Amount forward			$8,224,093.21

	Amount forward			$8,224,093.21
	III—DISBURSEMENTS	Fire	Marine	
1.	Gross amount paid for losses	$1,571,132.16	$ 206,183.32	
2.	Deduct amount received for reinsurance	427,827.28	99,603.11	
3.	Net amount paid for losses	1,143,304.88	$ 106,580.21	$1,249,885.09
8.	Commission or brokerage			134,673.34
9.	Salaries, fees and all other charges of offices, etc			88,704.09
10.	Rents, including $2100 for company's occupancy			2,100.00
11.	Repairs and expenses (except taxes) on real estate			34.75
12.	Taxes on real estate			2,712.64
13.	All other taxes, licenses and department fees			31,121.07
14.	Loss on sale or maturity of ledger assets:			
15.	Bonds—Hanford Gas & Electric Co.	$ 10.00		
	Olla Sugar Co	3,075.00	$ 3,085.00	
16.	Stocks—Underwriters Salvage Co., Chicago	$ 1,000.00		
	Home Fire and Marine Insurance Co	940,403.50	941,403.50	944,488.50
21.	All other disbursements			
22.	Miscellaneous—Expenses		$ 38,509.47	
23.	Exchange		971.84	
24.	Marine Expense		10,819.60	
25.	Law expense		720.00	
26.	Traveling expense		15,976.02	
27.	Fire expense		8,472.69	
28.	Advertising and printing		14,396.31	
29.	Postage and telegraphing		3,404.79	93,270.72
30.	Profit and loss		$ 47.56	
31.	Loss on repurchase of company stock and orders		145,757.76	
32.	Loss on commutation of reinsurance contracts with Firemen's Fund Insurance Corporation		38,936.06	184,741.38
	Total disbursements			$2,731,731.58
	Balance			$5,492,361.63

IV.—ASSETS

1.	Book value of real estate unincumbered		$ 577,001.94
2.	Mortgage loans—first liens		273,480.00
3.	Loans secured by pledge of bonds and stocks		108,000.00
4.	Book value of bonds	$2,739,510.80	
	Book value of stocks	610,279.55	
			3,349,790.35
5.	Cash in company's office	$ 11,666.01	
	Bank deposits	261,216.23	
			272,882.24
6.	Agents' balances on business subsequent to April 1, 1907		838,038.65
7.	Agents' balances on business prior to April 1, 1907		48,851.07
8.	Bills receivable taken for marine risks		32,823.60
10.	Other ledger assets:		
11.	Open accounts treaty companies		12,760.02
12.	In hands of London correspondents to meet accruing losses		49,048.72
14.	Total ledger assets		$5,562,676.59
14½.	Ledger liability—Amount on deposit to credit of Firemen's Fund Insurance Corporation to meet their outstanding losses		70,314.96
	Ledger assets as per balance		$5,492,361.63
15.	Interest due, $293.40; accrued, $1,913.11; on mortgage		2,206.51
17.	Interest due and accrued, collateral		89.25
21.	Market value of stocks over book value		18,710.45
23.	Balance due from Firemen's Fund Insurance Corporation on reinsurance contract		9,734.02
	Gross assets		$5,523,101.86

DEDUCT ASSETS NOT ADMITTED

30.	Agents' balances representing agents' balances prior to April 1, 1907	$ 48,851.07	
33.	Depreciation from book value of ledger assets, viz: bonds	128,675.80	
	Total		177,526.87
	Total admitted assets		$5,345,574.99

V.—LIABILITIES

4.	Gross claim for unpaid losses	$ 356,769.12	
5.	Deduct reinsurance on same	74,629.27	
	Net amount of unpaid claims		$ 282,139.85
7-8.	Unearned premium on fire risks	$2,369,051.25	
9-10.	Unearned premium on Marine risks	333,207.67	
12.	Total unearned premium		2,702,258.92
19.	Miscellaneous accounts and unpaid bills to become due		13,000.00
20.	Commissions, brokerage, etc., to become due to agents, etc.		169,262.94
26.	Total liabilities except capital		$3,166,661.71
27.	Capital actually paid up in cash	$1,600,000.00	
28.	Surplus over all liabilities	578,913.28	
29.	Surplus as regards policy holder		2,178,913.28
	Total liabilities		$5,345,574.99

ANALYSIS

I have considered that the proper way of presenting the semi-annual statement of the company requires that there shall be a deduction of $346,675 from the ledger assets of December 31st, 1906. This deduction is made in item 2 of the statement above, and the explanation of the necessity for the same is as follows:

In the income which is reported in the annual statement for the year 1906, an item of $1,654,225 was included, notwithstanding the fact that part of this was for the increase in capital stock, which increase was authorized in January, 1907. During the first six months of 1907, $253,325 had been collected on the same account, and this figure, together with the deduction, will make up the increase in capital stock, $600,000.

ITEM 31 OF DISBURSEMENTS

The "loss on repurchase of company's stock and orders" represents money which has been disbursed for the purchase of stock orders from such of the claimants as were desirous of selling their stock at the market price at the time of issue rather than to hold the stock for any future advance. These purchases were made at from $125 to $200 (the latter figure being paid before the extra dividend of 6½ per cent was declared), and by making these purchases the company was enabled to keep its stock issue below the authorized 16,000 shares, the orders for stock purchases being cancelled from time to time as the purchases were made, or as the total amount of stock issued approached the limit of 16,000 shares.

ITEM 32 OF DISBURSEMENTS

The "loss on commutation of reinsurance contracts:" Both of the original contracts, as pointed out, have been commuted on a cash basis, and this item represents the amount which the corporation received from the company in excess of the amount due to the company. As an offset to this, however, there is an amount of $9,734.02 (item 23 of assets), which the corporation owed the company on June 30th, and which I have been assured by the officers has now been paid.

ITEM 14½ OF ASSETS

In order to arrive at the balance it is necessary to make a deduction of $70,314.96, the explanation of which is as follows: in all the departments of the Firemen's Fund Insurance Corporation, business was reinsured from March 1st, 1907, except such agencies as reported to the home office, on which business the reinsurance dated from April 1st. The corporation, of course, agreed to pay in each department all losses which occurred prior to the different dates. It was impossible for the Atlantic Marine department to keep separate the losses of the corporation prior to March 1st, and those of the company occurring thereafter. The company, therefore, charged the corporation and carried to a deposit account, the total amount of the unpaid losses in the Atlantic Marine department, and on June 30th, 1907, there was a balance in this account of $70,314.96, from which the company is to continue to make payment for corporation losses, and, if after the losses have been finally settled, there remain any funds the same are to be paid to the corporation. If the losses should exceed the estimates which have been placed upon them, the corporation will reimburse the company for any such excesses.

REMARKS

The foregoing will, I think, explain the unusual items of the statement, and in explanation of the remaining items, I beg to call your attention to the following facts:

The item of real estate carried into the statement consists almost entirely of the home office property, which has been appraised under your direction, by three competent appraisers, who have united in placing a figure in excess of the price at which the company carries this asset.

The bonds and stock owned by the company and upon which it has made loans, have been likewise appraised, and signed statements have been submitted to you. The figure which I have used in the statement represents the values as placed upon the securities by your appraisers. The depreciation, $128,675.80, which is a result

I have deducted from the assets, to my mind is caused by the low market values now extant in San Francisco, and is probably the natural result of the experience which the city has undergone.

The cash in office, in bank and the agents' balances have been properly verified; the bills receivable for Marine risks and the deposit in the hands of the London correspondents of the company are properly admissible.

CAPITAL STOCK

A verification of the outstanding certificates with the stubs shows that about 59 shares have been issued in excess of the authorized capital, but this does not take into account the large number of shares which the directors have in their hands subject to their decision for future action on the question of delinquency. In order that the limit should not be exceeded some of the officers of the company have voluntarily surrendered their certificates for cancellation with the understanding that in the final adjustment these certificates will be reissued to them. It has been stated by the officers (and the estimate seems reasonable to me) that when the final adjustment is made, the outstanding capital stock of the company will be reduced to $1,500,000. The apparent over-issue mentioned above is unimportant, especially when viewed in the light of the fact that I have included in the outstanding stock, orders for about 400 shares which may never be presented.

HOME FIRE & MARINE INSURANCE COMPANY

On June 28th, 1907, the company sold to the corporation its ownership of the entire stock of the Home Fire & Marine Insurance Company for $260,000. Prior to this, however, the company had reinsured the outstanding risks of the Home Fire & Marine. It appears to me (and in this view the company officers concur) that the price was low, and if the corporation desires merely to liquidate the Home, instead of continuing it as a live organization, the result will afford some profit to the corporation. An explanation of this sale, even at a sacrifice, is found in the fact that insurance departments have insisted that the stock of the Home should not be owned by the company. The view has been expressed that, not only would this stock be disallowed as an asset, but owing to the stockholders' unlimited liability laws in California, the company ought not to be placed in the position of being responsible for the liabilities of another corporation. Under these circumstances, the company deemed it advisable to dispose of this stock before another semi-annual statement was filed.

CONCLUSIONS

It is difficult to imagine any institution being subjected to a more severe test than was the Fireman's Fund Insurance

Company. It has emerged with its reputation untarnished, and its excellent plant intact. The credit for this happy result belongs, in great part, to the loyalty of the officers and employes, and to the remarkable plan of rehabilitating an institution which had practically been wiped out by an unusual catastrophe; but in the final summing up, due credit must be given to the loyalty of the claimants in San Francisco, who united with the officers in an endeavor to prevent the extinction of a company which had enjoyed so many years of honorable dealing with its policy holders.

The officers and employes have afforded me every opportunity for the making of a full and complete investigation, and it would be almost unjust to mention any particular one in this connection.

All of which is respectfully submitted.

S. H. WOLFE.

July 26, 1907.

APPENDIX II

FIREMAN'S FUND HISTORY IN FIGURES

YEAR	ASSETS	TOTAL LIABILITIES	SURPLUS AS REGARDS POLICY HOLDERS
1868	$ 678,030.18	$ 109,260.40	$ 568,769.78
1869	767,115.63	150,330.01	616,785.62
1870	799,626.67	187,541.41	612,085.26
1871	856,787.70	439,886.00	416,901.70
1872	619,221.48	324,800.73	294,420.75
1873	582,632.02	241,498.64	341,133.38
1874	667,469.93	301,859.33	365,610.60
1875	753,467.57	397,688.30	355,779.27
1876	703,621.84	278,498.90	425,122.94
1877	738,637.46	287,956.67	450,680.79
1878	766,221.10	291,376.47	474,844.63
1879	741,487.72	288,315.59	453,172.13
1880	1,160,017.00	326,480.22	833,536.78
1881	1,239,915.80	361,936.29	877,979.51
1882	1,322,425.45	411,119.67	911,305.78
1883	1,473,025.76	491,035.88	981,989.88
1884	1,520,894.77	502,562.87	1,018,331.90
1885	1,625,197.24	574,913.45	1,050,283.79
1886	2,052,262.90	671,313.98	1,380,948.92
1887	2,181,925.18	775,854.06	1,406,071.12
1888	2,314,776.31	835,060.13	1,479,716.18
1889	2,406,218.04	921,779.79	1,484,438.25
1890	2,615,240.81	1,012,159.10	1,603,081.71
1891	2,844,389.82	1,177,211.49	1,667,178.33

YEAR	ASSETS	TOTAL LIABILITIES	SURPLUS AS REGARDS POLICY HOLDERS
1892	$ 3,037,706.77	$ 1,356,732.76	$ 1,680,974.01
1893	3,111,489.67	1,378,422.09	1,733,067.58
1894	3,240,861.14	1,435,330.25	1,805,530.89
1895	3,449,095.83	1,461,890.79	1,987,205.09
1896	3,527,653.80	1,422,927.39	2,104,726.41
1897	3,705,053.99	1,448,004.26	2,257,049.73
1898	3,863,558.98	1,501,828.89	2,361,730.04
1899	3,860,816.11	1,548,095.47	2,312,720.64
1900	3,993,701.16	1,651,833.01	2,341,868.15
1901	4,525,952.68	1,983,397.82	2,542,554.86
1902	5,102,923.03	2,346,139.36	2,756,783.67
1903	5,773,964.24	2,662,610.89	3,111,353.35
1904	6,459,877.68	3,262,614.51	3,197,263.17
1905	7,204,435.92	3,514,407.69	3,690,028.23
1906	3,270,574.28	1,757,843.52	1,512,730.76
1907	5,938,099.03	3,531,177.02	2,406,922.01
1908	6,452,211.73	3,642,572.60	2,809,639.13
1909	7,431,401.75	3,916,544.84	3,514,856.91
1910	8,070,629.43	4,184,248.80	3,886,380.63
1911	8,649,591.75	4,568,131.23	4,081,460.52
1912	9,268,924.08	4,664,193.51	4,604,730.57
1913	9,864,871.84	6,113,626.54	3,751,245.30
1914	10,175,434.49	6,400,375.98	3,775,058.51
1915	11,326,205.60	7,161,501.42	4,164,704.18
1916	13,445,953.99	8,269,761.49	5,176,192.50
1917	16,719,842.62	11,387,917.88	5,331,924.74
1918	17,939,822.58	12,422,714.53	5,517,108.05
1919	20,010,852.95	13,211,084.49	6,799,768.46
1920	24,238,620.79	16,046,545.63	8,192,075.16
1921	21,871,750.22	14,558,849.39	7,312,900.83
1922	22,849,483.38	15,333,707.14	7,515,776.24
1923	24,152,967.72	16,599,808.09	7,553,159.63
1924	25,191,989.79	17,609,503.04	7,582,486.75
1925	30,191,341.37	19,463,750.72	10,727,590.65
1926	31,308,253.61	20,532,262.67	10,775,990.94
1927	33,567,862.15	21,308,096.76	12,259,765.39
1928	34,403,956.84	20,741,017.74	13,662,939.10

APPENDIX III

FIREMAN'S FUND HISTORY IN FIGURES

YEAR	PREMIUM INCOME	LOSSES PAID
1868	$ 200,223.85	$ 123,243.25
1869	331,899.59	140,068.70
1870	317,843.00	206,084.98
1871	380,110.01	424,281.42
1872	476,668.20	499,191.70
1873	558,315.39	341,248.37
1874	578,927.24	279,809.82
1875	596,091.65	373,272.26
1876	510,232.13	322,093.03
1877	503,840.81	275,722.82
1878	509,404.45	265,198.11
1879	474,224.39	309,620.90
1880	510,238.24	273,692.18
1881	601,182.15	297,003.64
1882	632,220.49	348,000.61
1883	797,207.37	366,892.08
1884	755,504.12	416,191.89
1885	842,646.09	442,211.70
1886	988,813.31	571,682.21
1887	1,018,249.32	554,806.07
1888	1,115,137.23	611,921.45
1889	1,237,788.84	728,807.10
1890	1,333,639.38	639,818.83
1891	1,499,472.66	793,558.73

YEAR	PREMIUM INCOME	LOSSES PAID
1892	$ 1,738,124.03	$ 1,004,780.59
1893	1,682,853.07	1,031,124.28
1894	1,766,819.26	1,000,323.95
1895	1,640,878.94	847,749.26
1896	1,627,763.90	930,002.99
1897	1,746,754.41	923,274.31
1898	1,901,551.81	1,087,286.31
1899	1,808,930.04	1,212,009.39
1900	1,920,675.68	1,186,448.59
1901	2,355,968.62	1,189,296.69
1902	3,775,083.99	1,590,143.73
1903	3,259,157.08	1,605,052.69
1904	4,265,387.83	2,263,222.77
1905	3,921,480.04	2,113,865.22
1906	Minus 1,122,408.30	7,055,166.03
1907	5,756,265.10	2,108,693.08
1908	4,217,266.91	2,324,311.03
1909	4,645,111.91	2,207,735.39
1910	5,002,233.99	2,585,877.64
1911	5,487,674.02	3,047,481.16
1912	5,472,766.43	2,903,265.66
1913	7,462,946.51	3,931,563.27
1914	6,627,130.52	3,736,225.32
1915	7,821,896.90	3,994,638.09
1916	10,029,340.75	4,746,176.99
1917	14,177,744.68	6,317,319.88
1918	13,646,647.57	8,230,242.82
1919	15,128,039.88	7,255,160.38
1920	18,961,522.46	9,992,887.48
1921	15,289,534.56	11,471,305.20
1922	15,857,869.72	9,353,122.20
1923	17,590,955.29	9,813,845.77
1924	17,708,158.54	10,359,932.92
1925	19,619,889.15	10,361,024.19
1926	20,322,658.65	11,528,781.35
1927	20,127,974.93	10,655,182.17
1928	19,045,009.27	10,527,336.08

APPENDIX IV

FIREMAN'S FUND HISTORY IN FIGURES

YEAR	INTEREST AND RENTS RECEIVED	CASH DIVIDENDS PAID TO STOCKHOLDERS
1868	$ 85,975.44	$ 75,000.00
1869	76,567.92	60,000.00
1870	82,904.00	80,000.00
1871	58,452.51	49,774.50
1872	49,549.67	No dividends
1873	45,326.76	17,483.58
1874	44,769.96	63,272.17
1875	55,812.04	62,699.34
1876	47,801.21	38,539.98
1877	48,871.15	66,768.00
1878	47,944.33	65,822.00
1879	45,889.26	60,518.49
1880	41,941.98	51,904.18
1881	52,588.29	90,251.61
1882	52,280.14	90,039.00
1883	50,960.60	90,000.00
1884	56,040.34	90,000.00
1885	64,871.70	90,000.00
1886	79,635.67	105,000.00
1887	90,480.47	120,000.00
1888	103,337.22	120,000.00
1889	109,858.24	120,000.00
1890	120,558.61	120,000.00
1891	130,517.02	120,000.00
1892	128,059.59	120,000.00

YEAR	INTEREST AND RENTS RECEIVED	CASH DIVIDENDS PAID TO STOCKHOLDERS
1893	$ 147,327.19	$ 120,000.00
1894	149,431.28	120,000.00
1895	150,624.41	120,000.00
1896	150,883.37	120,000.00
1897	165,375.25	120,000.00
1898	165,978.75	120,000.00
1899	168,055.22	120,000.00
1900	178,000.32	120,000.00
1901	168,983.97	120,000.00
1902	198,661.52	120,000.00
1903	211,630.45	120,000.00
1904	226,969.44	120,000.00
1905	257,293.63	120,000.00
1906	163,726.01	40,000.00
1907	138,143.79	No dividends
1908	224,217.05	160,000.00
1909	249,993.82	155,000.00
1910	302,629.38	225,000.00
1911	326,109.99	180,000.00
1912	349,191.52	240,000.00
1913	390,403.27	240,000.00
1914	391,672.63	240,000.00
1915	381,784.65	240,000.00
1916	458,586.82	240,000.00
1917	548,814.22	390,000.00
1918	661,144.77	300,000.00
1919	701,808.22	345,000.00
1920	855,826.36	630,000.00
1921	1,047,820.75	720,000.00
1922	930,811.68	720,000.00
1923	940,251.96	720,000.00
1924	1,121,367.49	720,000.00
1925	1,187,330.38	860,000.00
1926	1,308,567.47	1,000,000.00
1927	1,394,737.52	1,000,000.00
1928	1,431,746.94	1,000,000.00

APPENDIX V

CAPITAL HISTORY

	SUBSCRIPTIONS	SHARES		CAPITAL
DATE	AMOUNTS	NUMBER	PAR VALUE	PAID UP
1863 subscribed	$200,000.00	20,000	$10.00	$200,000.00
1865 increased	300,000.00	50,000	10.00	500,000.00
*1873 decreased	200,000.00	3,000	100.00	300,000.00
1880 increased	450,000.00	7,500	100.00	750,000.00
1886 increased	250,000.00	10,000	100.00	1,000,000.00
1907 increased	600,000.00	16,000	100.00	1,600,000.00
*1909 decreased	100,000.00	15,000	100.00	1,500,000.00
1920 increased	1,500,000.00	30,000	100.00	3,000,000.00
1925 increased	2,000,000.00	200,000	25.00	5,000,000.00
1929 increased	2,500,000.00	300,000	25.00	7,500,000.00

*Transferred to surplus.

PREMIUMS, LOSSES, AND DIVIDENDS

Premiums received since organization	$325,773,320.78
Losses paid since organization	182,838,838.32
Cash dividends paid since organization	14,201,000.00

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